Daily Report

Latin America

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Perez Welcomes Presidents to Rio Group Summit

PA1110215990 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 11 Oct 90

[Text] President Carlos Andres Perez has followed an intense schedule early this morning at the Simon Bolivar International Airport in Maiquetia. Like all good hosts, he welcomed each of the Latin American presidents who are arriving in our country to participate in the fourth Rio Group summit. Mexican President Carlos Salinas de Gortari has not yet arrived, but is expected to arrive at any time.

President Perez was also at the airport in Maiquetia early last night when his second guest, Ecuadoran President Borja, arrived. By the way, Borja was wearing a sling because of a broken collarbone. Upon stepping on Venezuelan soil, President Borja voiced his satisfaction with his country's entry into the Rio Group.

Meanwhile, Uruguayan President Luis Lacalle arrived at 0635 today aboard a VIASA [Venezolana Internacional de Aviacion, S.A.] commercial flight. After being greeted by Perez, the two presidents walked to the airport's VIP lounge, where they stayed for about five minutes. Argentine President Carlos Menem arrived two hours later. This is his second visit to our country. Brazilian President Collor de Mello stepped on Venezuelan soil at 1015. He was also greeted by President Perez and other top government officials as he walked down the ramp to the plane.

President Collor was followed by Colombian President Cesar Gaviria Trujillo who arrived at 1130. The Colombian head of state showed keen interest in the outcome of this meeting.

Meanwhile, hours ago, Ecuadoran President Rodrigo Borja and Uruguayan President Luis Lacalle had their first meeting with the national and international press. Here are excerpts of their news conference:

[Begin recording] [Reporter Jenny Silva] Chilean President Patricio Aylwin yesterday ended his bilateral visit to Venezuela. In subsequent conversations, he suggested the possibility of creating an economic investment fund for the region that could be started by members of the Rio Group.

However, according to the proposal, oil-producing members of the group would have to make larger contributions than other countries. Ecuador, Venezuela, and Mexico could earn additional revenues as a result of petroleum exports.

My question is, are Ecuador, Venezuela, and Mexico able to contribute to that fund when your countries are facing crises of their own, especially in the social area?

[Borja] In frail economies such as ours—I am speaking for Ecuador here—generating a disproportionate flow of money would inevitably trigger a very high inflation rate that could become unstoppable, yet our current efforts are intended to reduce inflation, which is the harshest of all taxes, that, ironically, is imposed on the poor, because it is the poor who pay for inflation.

I would like to learn more about what Chilean President Aylwin has proposed during his visit to Venezuela. We plan to establish a temporary stabilization fund with surplus petroleum revenues and channel a large part of it into the country's productive sectors to ensure that the new money flowing through Ecuador's financial arteries will lead to greater supply of goods and services, and in turn, allow us to diminish the threat of inflation.

[Silva] I understood from your first answer concerning Panama's return to the Rio Group, that this issue will not be discussed. I would like you to explain to me the real reason why the presidents do not wish to discuss it. This group's main goal is democracy, but you do not recognize the government installed in Panama?

[Lacalle] We have established relations with Panama. We have an ambassador there. I have not said that we rule out the possibility. I answered a question about Cuba's readmission to the OAS and perhaps I did not give a correct answer on the Panama issue.

[Madrid EFE in Spanish at 1855 GMT on 11 October reports that today in Caracas, Uruguayan President Lacalle stated that "there is currently a high degree of homogeneity among all democratic Latin American political systems. I do not believe that currently there are political and international conditions for the reinstatement of Cuba" into the inter-American system.]

However, I have no qualms about Panama. I have established a new friendship—a friendship that I treasure very much—with President Endara. I do not believe that there is any obstacle to Panama participating in our meetings. [end recording]

Cuba

Castro, People's Council Leaders Discuss Tasks

FL1110150590 Havana Tele Rebelde Network in Spanish 1300 GMT 11 Oct 90

[Excerpts] Commander in Chief Fidel Castro met yesterday in the Palace of the Revolution with the 93 presidents of the recently formed People's Councils in Havana. Fidel began the meeting by congratulating the presidents of the Havana People's Councils. He said that the objective of this first meeting was to learn more details about how the zones have been structured and to exchange views on the council presidents' new tasks.

Pedro Chavez, president of the City of Havana Province People's Government, introduced the 93 presidents and gave some facts; for example, their average age is 42, 40 presidents are university graduates, and the rest have more than a ninth grade education. Chavez also reported that the average number of districts for each People's Council is 15.8.

Then, an exchange began between the commander in chief and the council presidents about the functions of the People's Councils, and the structure of zones in which they will carry out their tasks. He said that they are something new and important and outlined their work guidelines; keeping in mind, however, current resource limitations the councils will not solve everything.

[Begin Castro recording] I think, in the first place, we will establish more discipline, more order, more efficiency, more authority for the district delegates to fight against everything that is done badly. And then, depending on the circumstances and the resources available—which are limited and may become even more limited—respond to people's wishes, needs, and hopes. What we are trying to do is to improve everything that is at a lower level, improve it, make it work better.

But how in the special period, or on the threshold or already in the initial phase of the special period, can we indulge in the wishful thinking that now you should solve problems that we have not been able to solve in many years? I want to warn against this danger. Better times with more resources that we have now will come. With them, without asking for miracles from the People's Councils, you will be able to find answers that you cannot find now. What the people want is to be administered well, and it seems to me that this is the councils' primary task. [end recording]

During the meeting, the presidents of the People's Councils explained to Fidel specific details about their zones and talked about the functioning and composition of the 112 commercial zones created to better handle problems in the retail trade network. This subject brought up the point about missing inventories at work centers. In this regard, the commander in chief asserted that any administrator who has missing inventory should leave the commercial field.

This point gave rise to several speeches by the presidents of the People's Councils, and the councils' authority to replace administrators who should be replaced was established. The work style of the People's Council presidents and their specific objectives were the subject of some speeches. [passage omitted]

Fidel pointed out the need to wage a war on corruption, diversion of resources, and other evils, saying that the People's Councils should see to the utilization of the community's resources.

[Begin Castro recording] It is a revolutionary idea; we have a lot of confidence in you. This confidence arises from the fact that you have been chosen. You were nominated by the populace; you were elected by the populace.

You were nominated and elected as presidents by those who had in turn been directly elected by the populace. For someone to be nominated for elections already suggests a number of qualities. For someone to be elected, a much greater number of qualities are required. In order for 93, or 88—how many are there, 87? [Unidentified speaker answers: "Eighty-seven."]—to have been chosen from 1,400 is a sign that the populace has taken your merits and abilities into account.

You have all the authority you could have. You are going to work with the support of all forces, the support of the municipalities, the support of the party, the support of the nation. I am very interested, as I said recently, in observing the progress of the councils, seeing how they function. I want to know everything that can be known about problems at the base level. These are problems that you have to gather information on.

No one can know more than you about what is happening at the base level, at a butcher's store, at a movie theater, at a store, at restaurants. No one can know more than you. Through you, the leadership of our party and government will be informed about Havana, what is happening, what is going on, what is being done, and what can be done. I think that all this augurs certain success in whatever work we do, under whatever circumstances. And now the circumstances will be more difficult.

But however difficult they may be, we will do the work, and we will do it well. I think it will prepare us for the future when these circumstances change, and I assure you that the probability is that they will change. I will not say in how many years, but we are doing important things, important work. This may create very considerable income for our country, to reach that goal of independence we talked about in the Karl Marx Theater. But we must be prepared for the difficult times.

Your average age, you can see, is young. There are veterans, but I am also a veteran. [laughter] And I feel fine. I have not retired, and neither have you. A revolutionary may change his job and do another. For my part, I feel fine, enthusiastic, energetic, and above all I feel the desire to use all my experience and make the greatest effort in the midst of this situation. [end recording]

He said that we know what needs to be done, and what must be done. He called on the presidents to use their intelligence and common sense and to listen to those who know.

[Begin Castro recording] Let political criteria, and revolutionary criteria, prevail. I am sure that history intended for us to have this first meeting today, 10 October, when our first war for independence began. Fatherland or death, socialism or death, we will win. [applause] [end recording]

Starting today, the work of the 93 People's Councils in Havana will begin. As Fidel said, they will have the authority that emanates from being representatives of the people.

Visits Artemisa Agricultural Camp

FL1210022590 Havana Radio Reloj Network in Spanish 0202 GMT 12 Dec 90

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, this afternoon visited an agricultural camp that is under construction in Artemisa Municipality in Havana. The camp is being built by mini-brigades from Boyeros.

Fidel had visited them on 6 October and on this occasion, he also left pleased with the extraordinary progress of the project, which the workers pledged to finish this weekend.

The commander in chief praised the combative spirit of the men and women—a total of 150—including the support forces from the Julito Diaz Contingent who, despite the constant rains, have worked until midnight to finish the camp in only 35 days instead of 45 days. Fidel once again learned of the mini-brigades' and other construction workers' dedication to such important tasks as the food program.

During his visit to the Esperanza camp in Artemisa Municipality in Havana, Fidel also observed its accommodations. Among other things, the camp will have four dormitories with eight cubicles apiece, a kitchen-dining room, recreation rooms, four bathrooms, and a family doctor office.

Carlos Manuel San Juan Quintana, chief of the agricultural project, said that the commander in chief's visits have been a very big incentive for all of them and he said that the workers collective has not even finished this project and it is ready to build others.

During the last emulation check in the Artemisa agricultural camp, (Nilca Arzuaga) was recognized out in the women's group. Norberto Conde was recognized on behalf of the minibrigades and Manuel Sanchez was recognized amonmg the youth.

Twenty camps like the one in Esperanza, Artemisa are being built in several Havana municipalities to house workers from the capital who have mobilized for agricultural work.

Document Outlines Policy on Redundant Workers

FL1110125090 Havana Tele Rebelde Network in Spanish 1100 GMT 11 Oct 90

[Text] A State Committee for Labor and Social Security [CETSS] resolution regulating labor and wage policy for this phase of the special period will take effect in the next few days. The document legislates that there will always be job and wage opportunities for all redundant workers in the centers affected by the lack of raw materials, and other enterprises requiring adjustments to achieve a certain level of conservation, energy resources in particular.

CETSS President Francisco Linares has stated that an attempt will be made to relocate all redundant personnel, either in the same enterprise or to other sectors, such as agriculture, which requires a large production force. If it is impossible to relocate a worker, he will receive his full salary for the first month, and 60 percent thereafter. All workers will retain ties to their work centers and will be able to return when the situation is normalized.

Soviet Official Hails Aid to Chernobyl Victims

FL1210000390 Havana Radio Rebelde Network in Spanish 2304 GMT 11 Oct 90

[From the "Exclusivo" program]

[Text] A high-ranking Soviet official has conveyed his country's gratitude toward all those who stand ready to alleviate the suffering of children affected by the Chernobyl accident. A statement to this effect was made in Moscow by the president of the Soviet Committee for Solidarity with the Latin American Peoples.

The official said verbatim: Our special thanks to the Cuban Government, which arranged for rest and treatment for children from the USSR areas that were affected by radioactivity. He noted that the Cuban leadership, within the framework of its humanitarian activities, expressed its willingness to receive no less than 10,000 of the children affected by the Chernobyl tragedy for rest and treatment in Cuba.

The official added that the doctors and teachers accompanying the Soviet children have had high praise for the children's living conditions in our country.

CTC Official Claims Support of Andean Unions

FL1210131590 Havana Tele Rebelde Network in Spanish 1100 GMT 12 Oct 90

[Text] Joaquin Bernal, the CTC [Cuban Workers Federation] secretary of international relations, stated in Caracas that the major labor federations of Venezuela, Colombia, Ecuador, Peru, and Bolivia are in solidarity with the Cuban revolution. The Cuban union leader has just completed visits to these Andean countries, where he met with the union leaders of various labor federations. Bernal spoke yesterday in Caracas with the top leaders of the four Venezuelan federations. There was an

exchange of experiences and information on the workers' situation in the respective countries and the international panorama at all the meetings.

Van Dunem Lauds Troop Withdrawal From Angola

FL1110122590 Havana Tele Rebelde Network in Spanish 1100 GMT 11 Oct 90

[Text] Angolan Foreign Minister Pedro de Castro Van Dunem stressed the important role our country has played in southwestern Africa, in contrast to the U.S. attitude. Speaking at the UN General Assembly, Van Dunem accused the United States of exerting influence on the Angolan conflict, in contradiction with the commitments undertaken by the US authorities during the process of negotiations that culminated in the signing of the 1988 New York peace accords.

In contrast, the Angolan foreign minister stated, it would be unfair not to acknowledge the important role for peace played by the Cuban Government in southwestern Africa. Angola and Cuba continue to meet their commitments concerning the gradual withdrawal of the Cuban military contingent from Angolan territory. This process has allowed the departure of more than 38,000 soldiers in less time than was agreed on, Van Dunem asserted.

Kim Il-song Meets Delegation; Greets Castro

FL1110214190 Havana Radio Reloj Network in Spanish 1948 GMT 11 Oct 90

[Text] DPRK President Kim Il-song held a special audience today for the Communist Party of Cuba [PCC] delegation invited to participate in the celebrations marking the 45th anniversary of the Workers' Party of Korea.

Julio Camacho Aguilera, member of the PCC Politburo and head of the Cuban delegation, delivered to the DPRK head of state a message from Cuban Commander in Chief Fidel Castro congratulating Kim Il-song on the achievements of socialism in that Asian nation.

Kim Il-song thanked Fidel for the message, and sent an embrace from a brother in the struggle to Fidel, Raul Castro, and the Cuban people, who the Korean leader said, are united in raising the banners of socialism in America.

Spain's Gonzalez Receives Carlos Rodriguez

FL1110203490 Havana Radio Reloj Network in Spanish 1947 GMT 11 Oct 90

[Text] Spanish Prime Minister Felipe Gonzalez received Cuban Vice President Carlos Rafael Rodriguez at the Moncloa Palace on the outskirts of Madrid today. Matters of bilateral interest were discussed during the friendly meeting. Cuban Ambassador to Spain Luis Mendez Morejon was also present at the meeting.

Carlos Rafael Rodriguez arrived in Madrid from Dar es Salaam, the capital of Tanzania, where he attended the final session of the South Commission and delivered to Tanzanian President Ali Hassan Mwinyi a message from Cuban Commander in Chief Fidel Castro.

The Cuban vice president participated last weekend in the deliberations of the South Commission in the town of Arusha, at the foot of the Kilimanjaro. The commission is made up of 28 dignitaries from developing countries, who demanded that the United Nations enforce its resolutions regarding Israel and South Africa.

Contingent of 14 Doctors Arrives in Guyana

FL1210003090 Havana Radio Rebelde Network in Spanish 2308 GMT 11 Oct 90

[From the "Exclusivo" program]

[Text] A group of 14 new Cuban doctors has arrived in Guyana to bolster Cuba's cooperation with the English-speaking nation in the area of health. An announcement to this effect was made today by the Guyanese health minister.

Cuba has been extending assistance to Guyana in the areas of health and education for several years.

PRC Trade Official, Melendez Sign Agreement

FL1210010790 Havana Radio Rebelde Network in Spanish 2334 GMT 11 Oct 90

[From the "Exclusivo" program]

[Text] Cuba and the PRC signed a protocol on economic and technical cooperation today for the installation of two factories in Cuba: One to produce bicycles and the other to produce fans. The document defines the commitments made by each side for the establishment of an industry that will produce 150,000 bicycles a year when operating at full capacity.

The document also provides for the production of 100,000 fans at the 1 May Inpud [National Industries for Domestic Products and Appliances] Industry in Santa Clara.

The protocol states that the bicycle factory will be established in the municipality of Fomento, Sancti Spiritus Province, and will operate with two working shifts.

The document was signed by Ulanmulun, assistant minister of the PRC's Ministry of Foreign Economic Relations and Trade, and Ernesto Melendez, minister president of the Cuban State Committee for Economic Cooperation.

Dominican Republic

Official Rules Out Likelihood of Coup d'Etat

FL1110174590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 11 Oct 90

[Text] The vice president of the Republic has ruled out a coup d'etat in the country. Engineer Carlos Morales Troncoso said it would be difficult at this time to stage a coup d'etat against the present authorities because the government is making every effort to solve the country's problems.

On another matter, the vice president reported that the Haitian problem is being solved in international fora. He stated that the allegations that Haitians are mistreated here are aimed at keeping tourists and free-zone businessmen away.

Official Rejects Call for Balaguer's Resignation

FL1110182690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 11 Oct 90

[Report by Viviano de Leon from the National Palace in Santo Domingo—live]

[Excerpt] Juan Jose Arteaga, economic advisor to the executive, characterized PLD [Dominican Liberation Party] leader Vicente Bengoa's remark that President Joaquin Balaguer should resign because the current crisis country has gotten out of hand, as an irresponsible act. Arteaga stated that the Dominican president was elected by the people and there is no reason for him to resign. He also noted that President Balaguer is facing the crisis courageously. Arteaga asserted that what Vicente Bengoa and the PLD want, is to rule the country without elections. [passage omitted]

* Economy Hurt by Wage Hike; Layoffs Expected

90CA0135A Santo Domingo EL NACIONAL in Spanish 10 Sep 90 p 8

[Article by Ignacio Guerrero]

[Text] Santiago—Around 10,000 employees and laborers have been dismissed in the industrial parks of Cibao's customs-free zones, and massive layoffs are expected to follow as a result of the National Committee on Wages decision to prescribe a 60-percent wage hike.

Here in Santiago, as in Esperanza, Puerto Plata, La Vega, Bonao, and other zones, at least 10,000 workers have been dismissed, according to a report released to the press by the Cibao Federation of United Unions.

The Federation states that the dismissals took place between Friday and Saturday, immediately following the resolution by the National Committee on Wages effecting a wage increase of 60 percent.

It termed the dismissals arbitrary and illegal, because, it says, the customs-free zone businessmen are encroaching on the fringes of legal precepts without any attempt on the part of the authorities to restore order.

The Federation specifies: "Around 10,000 employees and laborers have been dismissed without receiving benefits of any kind whatsoever, in utter disregard of labor law."

It warned that massive layoffs can be expected to follow, in view of preparations now under way by the employer groups to file for bankruptcy as a result of the wage hikes, and to seize on this pretext as the basis for a proposed reduction of the work force.

It called upon the Secretariat of Labor to order an investigation of the case and reinstatement of the dismissed workers, for the social and economic well-being of the northern region's most needy families.

Customs-Free Zones

Cibao's associations of customs-free zones acknowledged the economic difficulties faced by the firms, and indicated that only a modification of the exchange rate would enable them to cope with the new wage policy and avoid dismissals.

Carlos Cabral, speaking in the name of the northern region's industrialists, said that the new wages, the lack of competitive margin in the current exchange rate, and high production costs are adverse factors that are disrupting the normal development of operations.

"Unless the government can come up with measures to help us cope with this situation, we will be forced to reduce personnel and eliminate unnecessary operations, because investments have tripled with no incentives to offset them," Cabral added.

He emphasized: "We cannot talk of dismissals as of now, because the economic slowdown and instability of the market every year at this time normally entail a temporary layoff of many workers. And that is what is occurring at this point."

He warned, however, that if the energy crisis, the growth of production costs, and the present exchange rate continue, dismissals will follow at all levels.

* Funding for Public Works Construction Reduced

90CA0135B Santo Domingo LISTIN DIARIO in Spanish 11 Sep 90 p 3-A

[Article by Geraldino Gonzalez]

[Text] The secretary of public works, Engineer Marco Subero, stated yesterday that funding for public works has been reduced, but that the work of his Department's various sections is proceeding at its normal pace.

He said that, exactly as President Joaquin Balaguer had promised, spending in that sector has been reduced, and that this fact is borne out by the Budget Directorate's monthly reports.

The secretary also asserted that payments are being made in accordance with engineers' takeoffs [estimated and/or measured quantities of completed work and needed materials].

Unofficially, it had been reported that the government had reduced its spending by about 50 percent.

In another context, Subero stated that some seven commissions are conducting studies of the new airport's requirements.

He said that the French firm that is building the airport has been kept informed on an ongoing basis of the things which need to be corrected, and that the firm has been correcting them.

The secretary added that the firm has been given, in all cases, 20 days to correct the faults detected to date.

However, he indicated, there are portions of the project that this firm has not been contracted to do, such as the airline ticketing counters, and the customs and immigration sections.

Reporters interviewed Subero as he was leaving President Balaguer's office in the Palacio Nacional.

He said that the contract for this project carries a five year guaranty period during which further pertinent recommendations can be taken up with the firm.

He also stated that work on the new section of the Ramon Matias Mella Bridge will be completed around the beginning of next year.

* CDE: Increased Demand Causes Blackouts

90CA0135C Santo Domingo EL NACIONAL in Spanish 10 Sep 90 p 5

[Article by Jose Maria Hernandez]

[Text] Blackouts increased today owing to the increased energy demand being placed on the system with the reopening of factories and offices, and to insufficient production by the CDE [Dominican Electric Power Corporation] and Falconbridge plants.

A CDE report released to the media this morning indicates that the company's output at 10 a.m. was 350,000 kilowatts. This output must be reduced by 20 percent owing to transmission losses in the obsolete power distribution system.

All of the CDE units, except San Pedro 1, were operating below their rated capacity.

The energy situation has worsened because, in addition to the shutdown of Units 3 and 5 of the Haina and Santo Domingo parks, the main hydroelectric plants have been taken off line for lack of water.

Of the hydroelectric units, only Hatillo, with 4,600 kilowatts, Jimenoa, with 6,000 kilowatts, and Sabaneta, with 3,300 kilowatts, were operating.

The Itabo plants, the electric power system's primary units, were contributing, jointly, 124,000 kilowatts, despite the fact that their rated capacity is 250,000 kilowatts.

The electrical energy crisis has compelled the CDE to bring its El Timbeque units on line during off-peak hours. These units are normally brought on line only during peak demand periods.

The two gas-turbine-driven units, each of which generates 18,000 kilowatts, consume 2,000 gallons of gasoil each per hour.

After a slight improvement lasting a few days, the supply of energy has again deteriorated over the past several hours.

Yesterday, there were blackouts of more than 15 hours duration in some sectors, many of which were still blacked out at daybreak this morning.

The report on the electrical system's output does not state the causes of the low output by the two Itabo plants or by Haina 2 and Haina 5.

This morning, Itabo 1, which has fast been deteriorating for lack of adequate maintenance, was generating 52,000 kilowatts, or 73,000 below its rated capacity.

Its twin, Itabo 2, was putting out 72,000 kilowatts, or 53,000 below its rated capacity.

Wartsila, which sells power to CDE, was generating, today, 31,000 kilowatts, and San Pedro 1, 33,000 kilowatts. The latter is the only unit producing energy at its full rated capacity.

The deterioration of the electric power system is taking place at a time when the labor conflict has still not succeeded in being resolved at the CDE.

Numerous technicians and laborers have still not returned to their workplaces since around the middle of last month, when Perez Martinez fired the entire executive committee of SITRACODE [Trade Union of the Dominican Power Corporation].

* Drought Affects Hydroelectric Plant Output

90CA0135D Santo Domingo EL SIGLO in Spanish 1 Sep 90 p 9

[Article by Antonio Reyes]

[Text] Cotui—The level of the Lake Hatillo reservoir storage basin has dropped to 74.0 meters above sea level, the most critical in its history since the start of its operation in 1984, owing to the drought that is ravaging the zone and to

the indiscriminate felling of trees to which its principal feeder, the Yuna river, has been subjected.

This situation, according to this city's farming and livestock experts, is endangering the irrigation of more than 100,000 tareas [roughly 2.5 million acres] of cultivated land producing rice, yuca, corn, bananas, and other minor crops in the province of Sanchez Ramirez.

Cesar Matos, a CDE [Dominican Electric Power Corporation] engineer at the site of the reservoir, indicates that the low level of the reservoir has reduced the production of electric power by more than 45 percent.

"The hydroelectric plant is currently producing at a capacity of 4.8 megawatt-hours of electrical energy, although its rated capacity is eight; that is, 8,000 kilowatt-hours," he said.

The Hatillo reservoir, the third largest in Latin America, has an installed storage capacity of 10 million cubic meters of water, with a length of 22 square kilometers [as published].

Matos explained that the severe drought has led to a considerable increase in water consumption over the past few days for the irrigation of agricultural plantations, driving the reservoir's storage level down to 74.0 meters above sea level.

"Both these factors, taken together, are the principal causes of the low volume of water in the hydroelectric basin," said the engineer.

Agronomist Roberto Mirambeaux, head of the ANPA [National Association of Agricultural Professionals] in Sanchez Ramirez, for his part, warned that if the reservoir storage basin's level continues to drop, the irrigation of the zone's farming crops will very shortly be seriously endangered.

He pointed out that the area's farming and livestock zone includes some 100,000 tareas of cultivated land yielding different crops, which are irrigated with water from Lake Hatillo by means of the INDRHI [National Institute of Water Resources] irrigation canals.

He expressed alarm over the low supply of water in view of its crucial importance to farming.

Haiti

CEP Publishes Revised Election Calendar

FL1210133190 Port-au-Prince Radio National in Creole 1300 GMT 11 Oct 90

[Excerpts] The Provisional Electoral Council [CEP] advises it has decided to extend the deadline for registering candidates to 19 October. Consequently, there will be some modifications to the election calendar. The amended calendar, signed by its president, Jean-Robert Sabalat, is as follows:

19 Oct—registration for presidential candidates

22 Oct—last day to challenge presidential candidates

26 Oct—last day for candidate withdrawal

27 Oct—issuing of receipts

29 Oct—certificate of deposit of candidacy without challenge

2 Nov—final day for CEP decision on challenges to candidacy [Passage omitted]

6 Nov—CEP approval of candidacy

Father Aristide Urges Unity During Elections

FL1110201590 Port-au-Prince Radio Haiti-Inter in Creole 2000 GMT 9 Oct 90

[Remarks by Catholic Priest Jean Bertrand Aristide; in Port-au-Prince; date not given—live or recorded]

[Excerpts] Since 7 February 1986, we have learned that alone we are weak; together we are strong; tightly united we are an avalanche, a powerful, driving force. Those who want to serve the people must listen to the people. Only by listening to the people can they learn that the fork of division cannot be used to drink the soup of elections.

The presidential candidates are divided, and they divide the people. As long as candidates are successful in dividing the people, the elections will be ineffective. A fork cannot be used for drinking soup. Presidential candidates standing alone should be left alone. Candidates working together will join with the people to become an avalanche that will take over the elections completely. [Passage omitted]

If candidates refuse, ignore all of them. If they all abandon us, ignore them all completely, and thus reject the elections completely. Such elections are not for the poor people; they will not do the poor any good. Such elections would give rise to an alliance that would work with the macoutes. If the elections cannot be elections of the people, they must be rejected totally. That is, the people must take over the elections or reject them altogether. [Passage omitted]

Before Jean-Claude Duvalier took a plane, an avalanche was launched. Before Prosper Avril took a plane, an avalanche was launched. Before the criminals take that same trip, an avalanche must be launched. Before the high cost of living can go down, an avalanche must be launched, launched with the one program that the people will build, one leader that the people will choose, one power that the people will establish. Because alone, we are weak, together we are strong, tightly united, we are an avalanche.

Costa Rica

New Increase in Fuel Prices Announced

PA1210034590 San Jose Radio Reloj in Spanish 1200 GMT 10 Oct 90

[All figures as heard]

[Text] The board of directors of the National Electricity Service [SNE] approved a new increase in the price of fuel yesterday afternoon. This increase will be 7.57 percent and is a result of a Recope [Costa Rican Oil Refinery] request to SNE, stemming from a new rise in international oil prices a few days ago. SNE Executive Director Francisco Cordova said that the base used for this increase was $34.24, the current price of a barrel of oil. Cordova said that SNE did not approve the 8.2 percent increase requested by Recope because, according to SNE calculations, there were certain differences that had to be taken into consideration. Thus, the adjustment was set at 7.57 percent.

A liter of regular gasoline was increased by 3.40 colones. Cordova explained that the new adjustment forced a gallon of regular gasoline to go from 43.30 colones to 48.70 colones. Premium gasoline, which costs 47.70 colones, will now cost 51.30 colones per liter, a 3.60 colon increase. A liter of diesel fuel, which costs 35.50 colones, will now cost 38.20 colones, a 2.70 colon increase. Cordova confirmed that yesterday's increase is the fifth so far this year. He said that two adjustments were made in September—one of 17.7 percent and another of 11.49 percent. He noted that the five adjustments represent an increase of approximately 71.76 percent.

According to Cordova, the new price adjustment means that Recope will receive 560 million colones in revenue. He also said that according to a government decree, if the price of a barrel of oil goes up on the international market and if Recope feels a new adjustment is necessary, the SNE could approve another increase. He concluded that at the next SNE board meeting, to be held on 16 October, the increase will be confirmed and the decree will be sent to the national printing office for publication in the official gazette.

* Budget of 115 Billion Colones Proposed

90CA0137A San Jose LA NACION in Spanish 30 Aug 90 p 4A

[Article by Yanancy Noguera C.]

[Text] The ordinary budget of the Republic for 1991 will come to approximately 115 billion colones, a part of which will be financed by the issuance of bonds, although Minister of Finance Thelmo Vargas did not specify the percentage involved.

However, he did say that "there will be a net placement which is larger than that for this year" to cover the debt service—the interest falling due this year.

This expenditure plan is 38 billion colones (50 percent increase) more than the figure for 1990, which was 77 billion colones, financed to the extent of 12 percent by the issuance of tax bonds.

Vargas gave assurance that the issuance of bonds will not increase the state bank interest rates, which have been pushed to unprecedented levels by the lack of liquidity characterizing the market, since the interest rate is low and long-term.

This official's original proposal called for part of the budget to be financed by five year bonds, at no interest, to allow the market to determine what the public sector can spend.

He also explained that the interest rates on the bonds constitute one method of "automatically reducing expenditures."

In addition, Minister Vargas warned that there will be a reduction in state expenditures, and the service on the public debt will "inevitably" increase. The amount will come to 40 billion colones for this budget period.

This expenditure plan will be submitted to the legislative assembly next Saturday, 1 September, as required by law.

Although Jorge Guardia, the executive president of the Central Bank, said he was unaware of a counterproposal to be submitted by the government to the International Monetary Fund (IMF) in connection with the 1991 deficit, Minister Thelmo Vargas said that such a document had been sent to Washington by Guardia.

Minister Vargas explained that the purpose is to keep the fiscal imbalance for next year at 1.5 percent of the gross domestic product, or approximately nine billion colones.

To reach this level, since initially the executive branch proposed a level of two percent, it will be necessary to effect an additional reduction in public expenditures of about three billion colones.

It is still hoped, Mr. Vargas explained, that the letter of intention will be signed by the IMF in September, so that the World Bank can release the funds which would go to pay for the bridge loans for the repurchase of the debt.

* Wages Account for 33 Percent of Budget

90CA0137C San Jose LA NACION in Spanish 31 Aug 90 p 4A

[Article by Yanancy Noguera and Mauricio Martinez]

[Text] Of the ordinary budget of the Republic for 1991, 33 percent, or approximately 37.95 billion colones, will go to cover wages in the public sector.

According to Rodolfo Peralta, the budget director at the Ministry of Finance, a similar sum will go to pay the interest on and amortization of the domestic and foreign public debt, which is the category of state expenditures for which there is the greatest increase.

The budget of 115 billion colones for 1991 will be submitted to the legislative assembly today. The budget debate will take place during its regular sessions (beginning on 1 September).

Minister of the Presidency Rodolfo Mendez Mata stated that the government will not draft any extraordinary budgets to cover state expenditures in the coming year.

In the opinion of Minister Mendez, it is not possible to compare the ordinary budgets for 1990 and 1991, because the last administration did not provide for all of the expenditures, and this led to the need to draft the extraordinary budget of 23 billion colones now being considered by the Congress.

A comparison of the ordinary budgets for 1990 and 1991 shows an increase of 50 percent (the 1990 ordinary budget approved by the legislative assembly came to a total of 77 billion colones).

However, based on the statement that there will be no extra budgets, the comparison should be made with the budget total for 1990, which came to 94 billion colones. Viewed in this way, the increase in expenditures comes to 15 percent.

Minister of Finance Thelmo Vargas believes that the budget for next year "will be harsh, as the circumstances require."

He added that the government is aware that high public expenditures result in inflation, loss of foreign exchange, competition for credit resources, and a tax burden for the people of Costa Rica.

About 10 percent (11.5 billion colones) of the 1991 budget will go to cover the payment of pensions, while another 12 percent (13.8 billion) will be transferred to cover Costa Rican Social Security Institute (CCSS) health programs and higher education.

Minister Vargas gave assurance that the budget will be harsh, "despite the fact that attention to the public debt and other inherited current expenditures necessitates automatic increases in some categories, which must be covered on the basis of political actions in the course of budget implementation."

* Government Spending To Increase 14 Percent

90CA0137B San Jose LA REPUBLICA in Spanish 2 Sep 90 p 2A

[Article by Wilmer Murillo]

[Text] Government expenditures in 1991 will increase by about 14.39 percent over the figure for this year, and almost 10 percent of this increase is accounted for by the service on the domestic and foreign debt. In July this debt came to 188.73 billion colones, Minister of Finance Thelmo Vargas said when he submitted the national budget for 1991 to Juan Jose Trejos, the president of the legislative assembly, yesterday.

He explained that the government has placed bonds worth 75.7 billion colones, and that it is unlikely that the budget can be carried out in the future, because of the fact that the market cannot absorb so many bonds. The foreign indebtedness capacity is limited, and what this means is that the more expenditures exceed current income, the greater the need to have recourse to inflationary financing, which constitutes a tax on all Costa Ricans. It also means that it will be necessary to turn to foreign credit, if available, or to seek credit on the local market, which would "dry up" the source of credit resources which the productive sector might dedicate to providing jobs and well-being.

He emphasized that one of the characteristics of the budget, which is viewed as the principal law the Congress processes each year, is that it includes all of the expenditures which it is planned to make in 1991. In the past, it was the custom to leave some categories without financing. By way of example, he said that the ordinary budget for 1990 came to 74.574 billion colones, but neither the service on the domestic public debt after July, nor that on the multilateral debt (IBD [Interamerican Development Bank], IBRD [International Bank for Reconstruction and Development], AID [Aid for International Development], etc.) after that date was taken into account. The service on debts to governments was entirely excluded. Nor was the wage increase agreed upon with the teachers (4.5 billion colones) included.

This made it necessary to draft a special budget of 23 billion to cover these expenditures. This year, the debt service will account for 27 billion colones, while the figure for 1991 will be 38 billion. The increase in the debt service comes to 41 percent. If the increase which can be attributed to the debt service were set aside, the budget increase would only be four percent, which in the opinion of Minister Vargas provides evidence of austerity and an example set by the government at a time when belts need to be tightened.

He noted that there is an automatic augmentation of 12 percent in the category of personal services because of the wage increases and seniority and arbitrators' awards, which will be paid out in full in 1991. And if the cost of living increases are added, there will be a very large automatic increase. This leads to appreciation of the effort required to contain expenditures in other categories, in order to avoid the injection of greater liquidity into the economy.

The budget calls for financing on the basis of bonds which will come to a net figure of 25.735 billion colones.

Minister Vargas admitted that although the budget is harsh, the bond issue is very large. It will therefore have

adverse effects on interest rates, will make investment and production more costly, and will be reflected in a reduction in the economic growth of the country.

"Such domestic financing will exert noticeable pressure on the interest rate, which not only affects the productive sector, but will also result in larger public expenditures due to the effect on government placements. It will be necessary to attempt to finance a part of these expenditures abroad, and to ensure that certain public expenditures are covered by low-interest, long-term bonds, and not with cash," he said.

The expenditures are being financed out of current income, duly certified by the Office of the Comptroller General of the Republic, in the amount of 74.136 billion colones, and with domestic debt bonds in the amount of 41.7 billion colones.

However, the government hopes that two additional sources of income resulting from the draft tax adjustment law (8.5 billion colones) and the increase in the banana tax (two billion) will be effective in 1991.

With these sources, the deficit would be reduced to 31 billion colones. If this sum were financed in its entirety by bonds, domestically, the net total of the placements would come to 25.735 billion colones. This sum is obtained by subtracting from the 31.2 billion colones the sum of 5.465 billion, representing the bonds which will be withdrawn from the market by amortization.

The finance minister made it clear that if the adjustment is not made, the magnitude of the deficit will become intolerable, requiring the elimination of a substantial part of the work of the public sector. "I do not believe that we Costa Ricans want this type of adjustment," he said.

On the other hand, he emphasized that the percentage increase in the budget total is less than the 18 percent expected for current income. The budget allocates resources to the judicial branch representing six percent of the income, as provided by the Constitution, and the wage categories will see an increase of 3.4 billion colones.

The adjacent table, which compares the percentages of increase in the domestic budget for the past few years, shows that 14.39 is the lowest percentage.

The figure for 1988 was 26.71 percent; that for 1989 26.34; and that for 1990 36.65; while for 1991, it will be 14.39 percent.

* Inflation Reaches 16.9 Percent Yearly

90CA0137G San Jose LA NACION in Spanish
5 Sep 90 p 34A

[Article by Jose Luis Mora R.]

[Text] The consumer price index rose 2.11 percent in August, such that the cumulative rate of inflation for the year thus far has reached 16.87 percent.

In August of last year, the inflationary index was 5.97 percent, while the cumulative figure reached 9.95 percent by December.

The inflationary development this month is attributed to variations of 1.63 percent in the miscellaneous group, 0.22 percent for housing, 0.21 percent for food, and 0.05 percent for clothing.

According to the Ministry of Economy, Industry, and Trade (MEIC), the greatest incidence of price increases was seen for buses, electricity, medical consultations, and cinemas, as well as some foodstuffs, such as eggs, carrots, loaves of bread, vegetable shortening, coffee, cabbage, and rice.

The greatest cumulative variation was seen for fruits (38.48 percent), followed by the transportation sector (35.26 percent).

The increases were partially compensated in August by declines in the prices of potatoes, chayotes, oranges, vanilla beans, onions, coriander, and sweet peppers, as well as television sets and washing machines.

Several government officials have indicated that inflation is not likely to exceed 20 percent by December of this year, but Economic and Financial Advisers, S.A. (CEFSA) has estimated that the price adjustment measures will have a greater effect during the second half of the year, so that the rate of increase will reach 28 percent by the end of the year.

* Chamber of Industry Reviews Tax Package

90CA0137D San Jose LA NACION in Spanish
19 Aug 90 p 7A

[First part of summary of explanation given by Engineer Samuel Yankelewitz B., president of the Costa Rican Chamber of Industries, before the Finance Affairs Commission of the Legislative Assembly, as a part of the debate on the Tax Adjustment Law]

[Text] I would like to thank Roberto Tovar Faja, the president of this commission, and the deputies who are its members, for the opportunity offered to us to set forth our points of view. When you hear our position, you will not only have further data on which to base your judgments on the decisions of overwhelming importance which must be made, but you will also be contributing, through dialogue and agreement, to the strengthening of our democratic system.

I appear before you as the representative of one of the most dynamic and important sectors of our economy.

Importance of the Industrial Sector

In recent decades, the growth of the Costa Rican economy has been closely linked with industrial development. In the 1980s, the growth in this sector surpassed that of the other branches of production, since while the rate of growth in the economy was four percent, industry

saw an increase at a rate of five percent. This shows that the growth of the economy is due in large part to the positive development of industry.

This dynamism has substantially increased the contribution our sector is making to the PIB [gross domestic product]. Today we can state with pride that approximately 25 centimes of every colon generated in Costa Rica comes from industry, while in 1960 it contributed only 13 centimes. Since 1980, industry has been the sector contributing the most to domestic production.

Also, the industrial sector plays a very important role in utilizing manpower. It is a satisfaction to note the growing role of this sector in the generation of jobs. In 1963, industry employed 11.7 percent of the active population, while the figure for 1973 was 12.9 percent and that for 1989 18.7 percent. This means that about a fifth of the employed population in Costa Rica (200,000 of our compatriots) is working in the industrial sector, and that many thousands more who are engaged in related activities depend on its growth and consolidation. The development strategy based on nontraditional exports to third markets posed a challenge for the industrialists. Aware of the risk we were taking, we devoted ourselves to the task of incorporating ourselves in the competitive world market. Events have shown our willingness to accept challenges responsibly, despite the sacrifices they require. In 1984, nontraditional exports to third markets had a total value of $169.5 million, or about 17 percent of the export total. Five years later, the figure had reached $589.9 million, representing 42.34 percent of the export total. Between 1984 and 1989, nontraditional exports to third markets increased at an average rate of 28.31 percent, surpassing the increase for exports as a whole, which came to about 6.6 percent.

The change in the destinations of industrial exports should also be noted. Prior to 1984, the bulk of our exportable industrial production went to our regional markets. In 1970, for example, 82 percent of the products were exported to Central America. Currently, 73.5 percent of the industrial exports are going to third markets.

In order to penetrate these new markets and to compete in terms of price, volume, and quality despite domestic cost distortions, the industrialists have had to take great risks. This makes their efforts the more meritorious, above all if we remember that, contrary to what many people think, 80 percent of our industries are small, that is to say have fewer than 20 employees, and 92 percent are small or average enterprises with no more than 50 workers.

This is the true story of the industrial sector. Not everyone is familiar with it, and it is rarely analyzed objectively and with attention to what the socioeconomic indicators reveal.

The Fiscal Deficit

The Chamber of Industries recognizes the existence of the fiscal deficit. We know that this is the reason the government turned to the "tax package," and although our objections to this decision are just, it is necessary to get to the bottom of the problem.

For many decades, our government leaders focused their interest on the development of a state which was too large for the economic capacity of the country, following the best Third World tradition. Today, when we feel that the world is falling on top of us and our government leaders are asking us to accept these "packages," we are asking ourselves why the country was allowed to get into this situation. There is a need to note one more time the cause of this endemic evil, this persistent scourge which has only one origin—the disproportion between the size of the public sector and the small dimensions of the Costa Rican economy.

There is a need which cannot be postponed for the government to adopt measures in order to reduce the size of the state. It will take political determination and courage to carry out this task, but if this is not done, it will be necessary within three or four years to impose another "tax package," which could exhaust the legendary patience of these people.

The World Bank does not need to tell us, by means of a PAE III [expansion unknown], how to resolve this problem. We know what measures must be adopted, particularly now that we have a minister entrusted with the task of rationalizing and reorganizing the state. With determination and proper advice, we could have a state sector consistent with the size of the economy, in order to work from now on without the agonizing prospect of "tax packages."

In 1950, one out of every 17 workers was employed in the public sector, while now this is true of one out of five. Imagine what this has cost the country! For this reason, we say that the time has come to reverse this trend toward growth. We industrialists are entirely ready to collaborate in the search for solutions to this problem.

The PAE states it clearly. The modernization of the industrial, agricultural, financial, and public sectors in Costa Rica is imperative. The only sector which has done nothing is this last one, but obviously, the time has now come, for the good of the nation.

The decisions, naturally, are the responsibility of the government authorities, and the sooner they begin to work in this connection, the better it will be for all. Only in this way can we free ourselves from this sword of Damocles which we call "tax packages."

Economic Measures

We have noted with concern that, for the purpose of dealing with the fiscal problem, the government of the Republic has proposed a series of economic and tax measures which only seek to finance a difference

between income and public expenditure in the range of five to seven percent of the gross domestic product. In other words, the solution to the fiscal problem based on its real origin is again being postponed.

Some of the measures which have already been implemented—and which are justified, as in the case of the tax package, on a fiscal basis—are affecting us seriously. We are referring to the increases in the foreign exchange differential and the municipal traffic tax.

Foreign Exchange Differential

With the increase of 75 centimes in the foreign exchange differential, an effort is being made to reduce the losses of the Central Bank, to reduce imports, and to absorb liquidity. Certainly it is not to the advantage of the country to have increased imports of luxury products. However, while the effectiveness of this measure is questionable, its results will without a doubt affect export activity.

It is said that the increase in the foreign exchange differential will generate income of about 1.9 billion colones per year for the Central Bank. But parallel with this, the measure is doing harm to the economy, not only because of the cost it represents for exportable production, but also because of the mistrust it has created in the productive sector, because once again, the "rules of the game" have changed.

Moreover, since Costa Rica does not produce raw materials for industry, this measure increases production costs, since imported materials must be paid for with "more expensive" dollars. Since matters are thus, instead of a reduction in the "competitive distortion" which reduces the capacity of our products to compete internationally, it is being deepened. The foreign exchange differential has become a new tax on export activity which could shrink the volume of our exports.

On the other hand, if the trend toward increased imports destined for consumption continues, and if, on a parallel basis, nontraditional exports are being discouraged by this type of measure, another problem becomes more likely—a dangerous increase in the trade deficit for this year, which could surpass the present negative figure and reach between 400 and 500 million colones.

Municipal Traffic Tax Increase

It is not desirable to have recourse to a tool of industrial policy to resolve a fiscal problem, particularly if the industrial sector is weakened thereby. This is what has been done with the decision to increase the municipal tax on traffic by five percent. The industries which produce for the domestic and Central American markets generate 85 percent of the Costa Rican industrial production. These enterprises, the majority of which are of small and average size, have been harshly affected by the increase in the municipal traffic tax which, linked with the other existing surtaxes, comes to 13 percent. We are faced with increasing costs for raw materials, which will weaken industry and lead to a loss of competitive capacity locally and regionally.

This measure, again, substantially increases industrial production costs. To deal with this problem, the producer can transfer the increase to the consumer, or in other words, raise prices, which would immediately lead to inflation. However, it is probable that this choice would exclude a businessman from the local market competitio n. The alternative, then, would be to reduce production, which might possibly entail reducing personnel, or in other words, unemployment. Either of these choices, if pursued on a large scale, will create fertile ground for the development of social problems. The industrial sector is that most sensitive to market signals. Paralyzation of a production line, the elimination of work shifts, and the dismissal of employees are phenomena which could occur in the medium time range. Thus instead of achieving the expected goals, the economic measures could give rise to a dangerous recession in the industrial sector.

El Salvador

FMLN Urges U.S. Senate To Reduce Aid

PA1110181290 San Salvador Radio Cadena YSU in Spanish 1200 GMT 9 Oct 90

[Text] Rebel Commander Herman Serrano has announced that the guerrilla movement is capable of taking political-military action to achieve a democratic revolution. Herman Serrano, who is responsible for the FMLN [Farabundo Marti National Liberation Front] in Chalatenango, said on Radio Farabundo Marti that the military aspect plays an important part in the strategy for a political solution. Both the military and the government play down the importance of our forces, he said. They are trying to launch a psychological war against the people by pulling the wool over their eyes, but the reality of our troops' importance has been demonstrated time after time over the past 10 years and was proven by the November offensive.

Regarding the U.S. Senate discussion on military aid to El Salvador, Commander Serrano pointed out that a reduction would play an important role in persuading the Army to negotiate political agreements and to develop a true plan for democracy in the country. We repeat this last minute news. Rebel Commander Herman Serrano has said on one of the clandestine radio stations that the guerrillas are capable of political-military action. At the same time, he made an appeal to the goodwill of the U.S. Congress to favor a peaceful solution to the Salvadoran conflict by reducing the military aid to the government of President Alfredo Cristiani.

PDC Proposals To Soften Fuel Price Hike

PA1110173390 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 10 Oct 90

[Text] The Catholic Church and the main Salvadoran trade unions have expressed their opposition to an increase in the price of fuel. Workers have warned that they will take to the streets to protest the measure. Gas station owners said that they expected an increase of approximately 40 percent in the price of oil by-products. The increase, however, was actually 55 percent.

Meanwhile, the Christian Democratic Party [PDC], the main opposition party, proposed a national pact to overcome the economic crisis that will worsen with the increase in fuel prices. PDC leader Eduardo Colindres said that a national agreement would prevent a further polarization of the Salvadoran society affected by 10 years of armed conflict and now an increase in fuel prices as a result of the Persian Gulf crisis.

Colindres asked the government and the Armed Forces to implement austerity measures on the use of fuel for military and government vehicles. The PDC also urged the Farabundo Marti National Liberation [Front] to stop sabotaging the country's electricity system and to cease attacking public officials. President Alfredo Cristiani has said that, to avoid hurting the poorest sectors, the increase in fuel prices will not affect the price of subsidized diesel fuel used for public transportation. Several unions have announced public protests against the increase in the price of oil by-products.

Guatemala

DCG Leader Perez Cos Killed in El Quiche

PA1110234290 Panama City ACAN in Spanish 2301 GMT 11 Oct 90

[Text] Guatemala City, 11 Oct (ACAN-EFE)—Humberto Perez Cos, leader of the Guatemalan Christian Democracy (DCG), was gunned down today by unidentified persons in EL Quiche in the northern part of the country, police reported today.

The body of Perez Cos, who became the fourth political assassination victim in that region, was found on a farm on 10 October, the source reported.

Previously Eduardo Blanco and Abel Giron, leaders of the Union of the National Center, which is the main opposition force, had been killed in the same region.

Sebastian Morales, DCG leader and secretary of a northern municipality, was also killed in the same region.

Guatemalans will go to the polls on 12 November to elect Vinicio Cerezo's successor amid a growing wave of violence and death threats against six of the 13 presidential candidates.

* Human Rights Violations: 225 Murdered

90CA0121F Guatemala City PRENSA LIBRE in Spanish 18 Aug 90 p 14

[Text] A total of 225 extrajudicial executions have taken place in this country between January and July of this year, according to the Human Rights Commission's statistical registry.

By way of comparison, the number of extrajudicial executions has grown this year with respect to last year's, according to the source consulted.

The Commission's statistical registry reveals a total of 129 voluntary and forced disappearances on record so far this year.

When consulted with respect to the high index of extrajudicial executions and voluntary and forced disappearances, officials of the Human Rights Commission expressed concern and asserted that they will press the appropriate governmental authorities to control this grave phenomenon.

* Budget Increase Requested

90CA0121A Guatemala City SIGLO VEINTIUNO in Spanish 24 Aug 90 p 4

[Excerpt] The president of the Congress, Marco Antonio Dardon Castillo, announced yesterday, in view of the Administration's urgent need to legalize the transfers it has made and will be making in order to cover portions of the budget that have run out of funding, that debate on the bill to increase the 1990 National Budget will be expedited. Unless these transfers are made it will be impossible to satisfy the needs of the population and carry out high-priority projects.

The Administration has requested a budget increase of 400 million quetzales which it plans to spend over the next several months until at least December. It needs the support of Congress and of the various political blocs to legalize the transfers and other operations it has carried out in recent months, to meet the need for funds in various categories of the budget. [passage omitted]

* 1990 Supplementary Budget Appropriation

90CA0133C Guatemala City SIGLO VEINTIUNO in Spanish 27 Aug 90 p 37

[Article by Carmen Aida Ibarra]

[Text] The supplement to the current national budget requested of the Congress recently by the Executive is officially justified by the latter branch as being necessary to remedy the imbalances created when the Congress rejected the budget submitted to it for 1990, at which point the line items and amounts that had been approved for 1989 automatically became applicable to 1990 as well.

In its justification, the Ministry of Public Finance states that the imbalances worsened and required diversions of funding that now warrant the enacting of urgent corrective measures, to avoid negative effects on the national economic situation.

Another justification being used in the Congress by pro-Administration deputies is that the current budget shortfall stems not only from the fact that it is the same as the 1989 budget, but also from the fact that it was overtaken by the rise of the dollar, which in turn caused a rise in prices at all levels and a consequent insufficiency of appropriations.

In this regard, the Finance Ministry asserts that the failure to factor the exchange rate and the price rise into the assumptions underlying the 1990 budget, which remained those of the 1989 budget, now makes the modification of current appropriations a necessity. As a result of failure to pass a 1990 budget bill, the Ministry argues, those exchange rate and price fluctuations caused variations in the costs of investment programs and projects.

Aside from these considerations, the Ministry, in its statement of grounds for the supplementary appropriations bill, affirms that owing to the insufficiency of actual revenues the supplement being requested could not be expected to satisfy all the requirements being generated by the various government agencies.

This, says the Ministry, necessitated a diligent effort to select and prioritize those requirements with real funding potential, and thus to determine the sum total of the supplement needed to cover the indicated shortfalls, and the domestic and foreign sources capable of financing it.

Distribution

The supplemental appropriation the Congress is called upon to debate totals 455.7 million quetzales, distributed as follows: Congress of the Republic, six million; Presidency of the Republic, 46.8 million; Ministry of Foreign Relations, six million; Ministry of Public Finance, 87.3 million; Ministry of Education, 13.5 million; Ministry of Public Health, 65.6 million; Ministry of Agriculture, 15.4 million; Ministry of Communications, 138.4 million; Ministry of Development, 5.4 million; Ministry of Energy, 51 million; and Ministry of the Economy, 20 million.

It is strange that no supplemental appropriation has been contemplated for the National Police, through the Ministry of Interior, despite repeated complaints by the authorities, who have cited the economic aspect as the principal obstacle they face in providing better protection of the citizen.

Also notable is the fact that the country's penitentiary system is suffering a similar lack of funds, specifically in relation to the sustenance and care of the inmates.

Neither does the bill include any supplemental appropriation for the Ministry of Defense.

With Morsels of Empty Eggshell

The budgetary supplement is to be financed by borrowing up to a total of 228 million quetzales in the form of public securities, through a supplemental issue of fiscal year 1990 treasury bonds.

In addition, seven loans negotiated with Venezuela and Italy, together with donations by the EEC and the governments of the United States and the Netherlands, and by IDA [International Development Association], will yield a total of up to 227.7 million quetzales.

The Republic National Bank will lend 51.7 million, and Barclay's Bank 15.1 million; BCIE-3FDS 162 FCIE will grant 500,000 quetzales, and KFW-Germany 95.9 million; loans negotiated with BID-21/SF-GU, 671/SF-GU, 454/OC-GU, 736/SD-GU will yield 14.6 million; eight million will proceed from loan PL-480-87, and four million from loan PL-480-89. Six million will also be forthcoming from the Italian Financial Agreement, and 12 million from the FIV [Venezuelan Investment Fund].

As for donations, the EEC will give 4.3 million, the United States Government, 8.5 million; the Netherlands Government, seven million; and the IDA, 100,000 quetzales.

The government hopes these foreign funds will be immediately available so as to speed up the outlay. At the same time, however, it should be pointed out that these loans are at an advanced negotiating stage and that it is therefore feasible to begin the outlay within a very short time.

In that case, and assuming imminent approval of the supplementary appropriation, following are the rubrics that would most benefit:

Congress

In accordance with the selection process and the priorities that were set, it was decided to allocate six million quetzales to the legislative body, which are to be channeled through the Commission on Human Rights, to shore up its programs and actions. Specifically, according to the supplementary appropriations bill, the funds will be used to finance curricular guidance work, training, and the setting up and equipping of laboratories.

Presidency of the Republic

The Presidency is the one benefiting most from the supplementary appropriation, inasmuch as it will be receiving 46.8 million quetzales. Of this sum, 8.7 million will be used to bolster the Microbusiness Program to begin construction of the Central American Parliament building. Aside from this, 32.5 million quetzales will be used to create a Microbusiness Trust Fund, and 5.6

million to finance rural development projects and censuses of people and housing, under the CRN [Committee of National Reconstruction].

Foreign Relations

The Ministry of Foreign Relations—whose apportionment of the supplementary appropriation falls shortest of the mark—will use its six million quetzales to offer repatriation facilities of a material nature to Guatemalan refugees still residing on Mexican territory, including: housing, basic services such as potable water and latrines, education, and others.

Public Finance

The "super" Ministry reserves for itself an apportionment of 87.3 million quetzales for various investment programs, each of more unaccustomed aspect than the other from the standpoint of their physical nature: equipment, municipal development programs, forestation, reforestation, Social Investment Fund, trusts, support of small coffee growers, and promoting the development of rural "microbusinesses."

In the first place, 15.7 million of these 87.3 million quetzales are to be used for the acquisition of patrol boats, with no further explanation; 14.6 million are to go for developmental programs to be implemented by INFOM [Municipal Development Institute] acting as trustee; eight million will be used to create the trust fund for the development of forestation and reforestation in the east and northeast sections of the country; and four million to create the small coffee growers trust. The biggest slice, 45 million quetzales, are to be used to foster the "third sector of the economy, through the FIS [Social Investment Fund]."

Education

The Education sector will receive 13.5 million quetzales of the supplementary appropriation, to be distributed over the development of an integrated basic education program covering: the curricular aspect, construction and equipping of modular facilities, repair and maintenance of school buildings, production of classroom desks, and school materials.

Public Health

This Ministry is to receive a significant, although insufficient, share of the appropriation: 65.6 million quetzales.

According to the bill, this sum is to be used for hospital equipment, which is considered a high-priority requirement, and for the development of preventive and therapeutic activities on a national scale, fuel and lubricants costs, electric power, the contracting of personnel qualified to operate equipment, and continued construction of wells and waterworks.

Agriculture

The 15.4 million quetzales apportioned to this Ministry are to be spent on mini-irrigation and soil conservation projects, agricultural production projects, and reforestation projects. The rural development projects for the small-scale farmer will be located in the northeast region of the country, especially Zacapa and Chiquimula.

Communications

The biggest slice of the supplementary appropriations pie goes to the Ministry of Communications, Transport, and Public Works: 138.4 million quetzales.

According to the bill, this sum is to be spent on completing the construction of the hospitals infrastructure, acquisition of machinery and equipment, payroll costs, and the purchase of fuels and lubricants for the construction of rural roads.

The dredging and protection of the Chiquimulilla Canal is also programmed. Among the most important projects to be carried out are: Reconstruction of Highway CA-9 North, Rio Hondo-Santo Tomas de Castilla section; widening and improvement of Highway CA-1 East, Guatemala-Don Justo section; construction of Highway CA-8 Moyuta-CA-2 East; construction of the Quetzaltenango-San Juan Ostuncalco and Quetzaltenango-San Carlos Sija highways; and construction of the Antigua Guatemala, Retalhuleu, Quiche, and Huehuetenango hospitals.

Development

This Ministry receives the smallest of all the apportionments, but not an insignificant one: 5:4 million quetzales. According to the bill, this sum is to be used to support the Ministry's rural development effort.

This will include outlays for integral development projects and productive and social infrastructures in rural communities; support of community action on projects such as the construction of latrines, piping of water, building of foot bridges, and others.

Energy and Mines

This Ministry requires supplementary funding of 51 million quetzales for its projects, which are to be carried out for the most part through INDE [National Institute of Electrification], as follows:

Construction of the Zunil Geothermal plant; Rural Electrification Plan 3; the Peten Electrification Plan; the start of construction work on the Bobos river hydroelectric plant; and its Chixoy Hydroelectric Plant and Galeria El Jute support program, involving the construction of the Chixoy tunnel decompression gallery.

Economy

With a significant apportionment of 20 million quetzales, the Ministry of Economy plans to channel these

funds to BANVI [National Housing and Loan Bank] for the implementation of low-cost and medium-cost housing programs through which the government aspires gradually to satisfy the population's housing needs.

* 1991 5.5 Billion Quetzales Budget Proposed

90CA0133A Guatemala City PRENSA LIBRE in Spanish 3 Sep 90 p 14

[Text] The 1991 national revenues and expenditures budget, totaling 5,515.6 million quetzales, tops the 1989 and 1990 budgets by 1,826.7 million quetzales, Finance Minister Juan Francisco Pinto Casasola told reporters at a press conference yesterday.

He added that, with a budgetary deficit of 1,9 percent of gross domestic product (GDP) that calls for prudent and responsible management of public finances and for the enforcement of fiscal discipline, the 1991 budget bill is devoid of inflationary effects.

He considers it necessary, he said, that the bill, which was sent to the Congress on Thursday, be based on the economic policy of the past two years, and that modernization of the economy continue its forward course.

"A productive restructuring is needed," he said, "centered on Guatemala's need to operate effectively in foreign markets, so as to generate the resources the country needs for its development.

"We must achieve a socially oriented market economy, and for this, there were two options: The first was to approach this goal by way of a government-imparted economic shock. The other called for a gradual approach in search of ways to correct the economic imbalances.

"The Government of Guatemala chose the gradual approach, and during the years that the DCG [Guatemalan Christian Democracy] has governed, it has made decisions of a financial economic nature that, at times, have been politically adverse to the Administration itself," he said.

"It has stuck to its plan and stayed its chosen course toward developing the economy, so as to transform it into a socially-oriented market economy," he added.

"The economy has grown, as evidenced by the fact that the GDP has grown substantially during the past four years, whereas in 1982-1983, the economy was in a recession: We were devouring our own reserves, because the Administrations of that era had to resort to the issuing of economic stabilization bonds to correct the imbalances that were being produced," Mr. Pinto Casasola said in conclusion.

* Proposed 1991 Budget Analyzed

90CA0133B Guatemala City SIGLO VEINTIUNO in Spanish 3 Sep 90 pp 12-13

[Article by Carmen Aida Ibarra]

[Text] The Congress of the Republic shortly will be debating the enactment of the National Revenues and Expenditures Bill for 1991 that has been proposed by the Ministry of Finance, through the Executive, totaling 5,515 million quetzales.

For all its millions, and though it may seem astronomical and the largest in the country's history, the total represents no more than some $1.103 billion, at the current rate of exchange, to satisfy the requirements of a nation with a population that now exceeds nine million inhabitants who demand: potable water, access roads, housing, health care, security, education, infrastructure, economic development, employment, and, in general, higher standards of living. To say nothing of the possibility that, by the time this budget becomes effective next year, the exchange rate could be even more unfavorable.

The bill, to which SIGLO VEINTIUNO has had access, differs from the budget bills of past years, when it was customary to present it in three massive volumes, with graphs that were hard to understand, and vast quantities of numbers and codes that often compelled the deputies to contract the services of consultants in an effort to decipher the aims of the Big Spender. The presentation of the new budget is very simple and no longer in the regionalized form adopted as standard practice by former Finance Minister Rodolfo Paiz Andrade.

The arguments in favor of the bill are intended to show that the downward slide in exchange rates has produced a general rise in costs, and that the growth in spending is therefore not a real one, the overwhelming fact being that the national currency has lost value in terms of the dollar.

In the letter that President Vinicio Cerezo has attached to the bill, the president seeks to bring the deputies' thinking to bear on two themes which in his judgment are important: convergence and accountability.

The need and time for convergence, says the president, are now, in that this budget bill is the last that this Administration will introduce and the last that this Legislature will debate, but principally, it will be the link between the outgoing government and the incoming one.

Accountability, says the president, calls for the deputies to avoid responding as they did last year, when they rejected the budget bill for the current 1990 fiscal year, and thus to avoid creating problems for the new Administration.

Finance Ministry's Rationale

The Ministry of Finance, also as is customary, attaches a letter, in which it cites as the conceptual frame of reference for the proposed 1991 budget the continuation and consolidation of the policy of modernizing and liberalizing the national economy, in pursuit of its medium and long-term objectives, toward a gradual restructuring of the economy and the reinsertion of Guatemala into the new international economic order.

The Ministry says that the Administration has sought to improve the allocation of resources, through a reduction in subsidies and unnecessary protection, and a stressing of economic discipline and austerity.

The letter explains that, in continued pursuit of the current non-monetization policy, the proposed budget shows zero credits to the central government. It also details the subsidies to be allocated to various activities, with the object of clearly and explicitly identifying and specifying them, so that the incoming Administration can decide to continue or modify the current policy in this respect. However, in the studies concerning interest payable on government securities, account was taken of the different rates accorded to the different holders, and a rate of 7 percent was arrived at for securities held by the Bank of Guatemala.

The Coffers

According to the budget bill, expenditures will be financed by means of capital revenues totaling 1,649 million and ordinary revenues on the order of 3,866.56 million quetzales. The latter sum includes 2,480.8 million quetzales in tax revenues, in turn inclusive of 484.7 million quetzales attributable to improvements in tax administration and collection.

Import taxes are expected to yield 590 million quetzales; income taxes, 556 million; VAT [value-added tax] on sales, 415 million; and VAT on imports, 395 million quetzales.

The proposed budget takes into account capital borrowing totaling 1,649 million quetzales, consisting of: 62 million from the United States Government; 63 million from the BCIE [Central American Bank of Economic Integration]; 62 million from IDA [International Development Association]; 443 million from IBRD [International Bank for Reconstruction and Development]; and 162 million from IDB [Inter-American Development Bank]. In addition: 32.3 million quetzales are expected to be received from the governments of Germany, Switzerland, and Italy; 20 million from the FIV [Venezuelan Investment Fund], IFAD [International Fund for Agricultural Development], and OPEC; and 802 million quetzales from Treasury Bonds, that is, from the domestic credit market.

From the aforementioned sources, the Finance Ministry expects to perceive the necessary revenues to finance the government's expenditures for the next year, which have been confined principally to such items as the servicing of foreign debt, roads and highways infrastructure, public security, farming and rural projects, hospitals, electrification, housing and education, and government operations in general.

Allocations to Ministries

The biggest portion of this enormous pie goes to the Ministries of Finance, Education, Communications, Public Health, Defense, Agriculture, and Economy, and to the Presidency of the Republic.

In round numbers: The Finance Ministry will administer 2,611 million quetzales; Education, 612 million; Communications, 503 million; Public Health, 494 million; Defense, 447 million; Agriculture, 226 million; Interior, 159 million; Economy, 124; and the Presidency of the Republic, 122 million quetzales.

Next come: The Ministry of Foreign Relations, 51 million; Culture and Sports, 47 million; Energy and Mines, 40 million; Development, 30 million; the Congress of the Republic, 17 million; Comptroller, 12 million; Labor and Social Security, ten million; Public Ministry, six million; and Specific Affairs, one million quetzales.

By major spending categories: Operations accounts for 2,771.5 million quetzales, including 1,297 million for salaries and wages; investments for 1,178.2 million; and foreign debt service for 1,564.8 million; for a grand total of 5.515 billion quetzales budgeted for expenditures in 1991, and an estimated deficit of 732 million quetzales.

Total of Debt Costs, Contributions, Subsidies

The Finance Ministry plans to earmark 1,564.8 quetzales for servicing of the country's foreign debt, at a calculated exchange rate of five quetzales per dollar. Of this amount, 916.8 million will go toward amortization of the capital portion, and 648 million to interest and commissions.

The municipalities will receive 175.5 million quetzales representing their constitutional eight percent share [of tax revenues]; the University of San Carlos will receive 109.7 million quetzales; and 81 million quetzales will be earmarked for other contributions specified by the Constitution, including that to the CDAG [Autonomous Athletic Confederation of Guatemala].

Subsidies total 401 million quetzales, of which 81.3 million are to be earmarked for urban transportation, 160 million for fuel, and 160 million for partial payment of the INDE [National Institute of Electrification] debt.

The Social Investments Fund [FIS] crops up again, with an allocation of 56.5 million, even though the law providing for its creation has not been passed. Also budgeted are five million quetzales for the Central American Parliament, and 18 million as a contribution to the municipalities to cover bonus payments to employees.

Health, Roads, Housing, Electricity, Culture and Sports

The Ministry of Public Health has earmarked 43 million quetzales for medicinals, 108 for health care and social security programs, 28 million for wells and rural waterworks, and four million for health services equipment. The Banco Nacional de la Vivienda [National Housing and Loan Bank] is to receive 98 million quetzales from

the Ministry of the Economy for the construction of low-cost housing, and 17 million for the granting of housing loans.

The Ministry of Communications, second on the list of distribution priorities, will earmark 353 million quetzales for the construction of main roads, bridges, rural roads with intensive use of manual labor, the construction of urban and rural primary schools, and training contributions to port operating companies.

Other significant items are 29 million quetzales earmarked for INDE electrification services; eight million for construction of recreational areas; four million for sports complexes; and seven million for protection of the national archeological heritage.

Although the number of millions being budgeted could be justified from several angles, it includes certain items that the opposition is certain to attack and justifiably so. Examples of this are: The millions allocated to the nonexistent FIS; the activities of the Ministry of Culture and Sports; the BANVI housing programs, with the bank currently immersed in a financial scandal striated with corruption; and other items that obviously will require a serious, responsible, and profound review.

* Petroleum Exports To Total $11.1 Million

90CA0121I San Pedro Sula LA PRENSA (Business Supplement) in Spanish 23 Jul 90 p 2

[Text] Guatemala's annual exportable production of oil amounts to 30 million quetzales ($11.1 million), the minister of energy and mines, Rolando Castillo Contoux, informed a Congressional committee, through which he is seeking legal guaranties for the foreign investment involved.

Mr. Castillo Contoux was invited to appear before the lawmakers for the purpose of explaining everything related to the Guatemalan oil industry.

"Our current oil production is around 5,600 barrels a day. These are being pumped from the Rubelsanto, Chinaja, and Xen wells, in the department of Alta Verapaz, 160 kilometers north of the capital," the minister told the deputies on the Energy and Resources Committee.

He said that a new oil-bearing stratum, "capable of producing 1,100 barrels a day," was discovered a month ago at Tierra Blanca, 300 kilometers north of Guatemala City, in the department of Peten.

* Jun Inflation Tops 50 Percent

90CA0121C Guatemala City SIGLO VEINTIUNO in Spanish 16 Aug 90 p 3

[Text] The National Institute of Statistics [INE] has finally admitted that the country's inflation rate this year increased by approximately 50 percent in June, Deputy Hector Jose Luna Troccoli, of the UCN [National Union of the Center], told SIGLO VEINTIUNO yesterday.

He said, however, that this government-acknowledged figure does not coincide with that reached by independent analysts, who put it at over 60 percent. "This in itself is interesting," he said, "from the standpoint of internal repercussions."

70 Percent Live Wretchedly

He pointed out that the INE's own studies bear out what is revealed by studies at the level of national and international figures, namely: "that the inflationary spiral is rising at an increasingly higher rate at the poverty and extreme poverty levels"; that in July, approximately 87 percent of the country's population lived in poverty; and that of this figure, 70 percent lived in extreme poverty or in wretched conditions.

"Should new economic phenomena further erode the purchasing power of the currency, while the cost of living continues its upward spiral," he said, "the probability is that by the end of this year some 93 percent of all Guatemalans will be living at poverty levels."

"This would mean," he added "that only 7 percent of our inhabitants, equivalent to some 800,000 persons, would be living at economically acceptable levels. This calls for a solution in the form of a joint nationwide effort, with participation by all sectors, to institute new approaches to our national economic problems."

Luna Troccoli said that, gradually and within the intermediate term, steps must be taken to restore the currency's purchasing power, increase production and exports, implement the procedures necessary to collect the taxes called for by the budget, reduce public spending, etc.

* Record Coffee, Grain Harvests Reported

90CA0121G Guatemala City DIARIO DE CENTRO AMERICA in Spanish 22 Aug 90 p 3

[Excerpt] Guatemala (DPA)—Minister of Agriculture Carlos de Leon Prera has informed the German P ess Agency DPA that Guatemala's farming sector will have record harvests this year, principally in coffee and staple food grains.

Production of Guatemala's prized coffee, of the type listed by the OIC [International Coffee Organization] lexicon as "Other Mild," and a principal Guatemalan export, will reach 4.5 million quintals. This is considered exceptional, since production normally ranges between 2.9 and 3.0 million quintals. It thus opens possibilities of a larger inflow of hard currency into the country.

The price of Guatemalan coffee is currently around $93 a quintal following its recovery from a substantial decline. This recovery will be very important for the Guatemalan economy, which is currently experiencing a serious crisis owing to the devaluation of the quetzal

(Guatemalan currency) in relation to the dollar, and internal problems in the tax system.

Corn, a staple grain in the population's nutrition habits, is also expected to yield a record harvest totaling some 34 million quintals. This will cover the domestic demand of 28 million quintals and allow for a convenient reserve and/or sale of the surplus to neighboring countries.

As for beans, production is expected to total some 3.2 million quintals, which, with domestic consumption estimated at some 2.2 million quintals, will also enable the stocking of a reserve.

Rice, which is consumed by the estimated 9.3-million Guatemalan population at the rate of 1.9 million quintals annually, will also yield a record harvest this year of around 2.5 million quintals. [passage omitted]

* Coffee Exports To Earn $495 Million

90CA0121H Guatemala City SIGLO VEINTIUNO in Spanish 15 Aug 90 p 3

[Text] "Guatemala's coffee exports will rise substantially this year to around 4.5 million quintals, which, at $110 per quintal, will bring an estimated $495 million into the country's economy," said Minister of Agriculture Carlos de Leon Orera enthusiastically.

He explained that serious losses suffered by Brazil's coffee crop over the past several weeks have boosted our country's expectations.

To enhance the image of Guatemalan coffee, the government and the National Coffee Association have undertaken a promotion campaign in 300 commercial establishments in Canada, including hotels, restaurants, and others, in which Guatemalan coffee is dispensed.

"We now have the advantage of not being limited by international quotas, but rather a free-market situation," he said, "and this places our country in a position to sell its entire coffee production."

"Prices are reacting favorably, and our country will benefit from the problems the Brazilian coffee growers have experienced. Agriculture generates 70 percent of Guatemala's hard currency revenues, and 50 percent of that is generated by coffee exports," he said.

* Tourism Earnings Reach $10? Million

90CA0133D Guatemala City SIGLO VEINTIUNO in Spanish 9 Sep 90 p 7

[Text] During the first half of this year, the "smokestackless industry" produced hard-currency earnings of approximately $101.8 million, according to INGUAT [Guatemalan Institute of Tourism] Manager Roberto Gonzalez.

Between January and June of 1990, this activity attained 67 percent of the total inflow of dollars earned in 1989, which was $108.9 million [as published], according to Central Bank statistics, indicating a rising market that is highly beneficial to the country.

The INGUAT spokesman pointed out that those $101.8 million that entered the national coffers during six months of this year could very easily be augmented through new hotel construction programs, considering that hotel facilities are currently unable to match the expectations of foreign visitors.

The substantial revenues generated by tourism indicate that the Travel Advisory issued by the United States Government to its citizens wishing to visit this Central American nation has not had the expected slowing effects.

That Advisory originated with the security crisis in Guatemalan rural areas in years just passed, owing to internal warfare between insurgent forces and the national army; but the percentage of U. S. tourism has nevertheless gradually increased, year after year.

The authorities consider that if the national treasury had an inflow of $101.8 million between January and June, that sum could even be doubled during the current second half, in view of the forthcoming yearend festivities.

Meanwhile, the government agency that regulates this sector of capital importance for the country's development continues working out plans and developing programs designed to augment the potential of the national hotel industry's infrastructure.

* BANVI Builds, Conveys 57,000 Dwellings

90CA0121J Guatemala City DIARIO DE CENTRO AMERICA in Spanish 23 Aug 90 p 3

[Excerpts] BANVI [National Housing Credit Bank] has conveyed 57,000 dwellings in different parts of the country, during President Cerezo Arevalo's four and a half years in office.

This information was released by the chief executive officer of that banking institution, Guillermo Santos, who asserted that the goal for the current year is 20,000 more units. Of this total, 13,000 units have already been conveyed this year alone, both in the capital and in the departments.

He indicated that 5,000 homes were delivered in 1986; 11,000 in 1987; 12,000 in 1988; 16,000 in 1989; and 13,000 to date this year. This, he said, provides some idea of the solutions to the housing problem that have been offered to the Guatemalan people by this institution through the honest investment of the funds it manages. Its goal is to attain a total of 64,000 housing units by the end of the present Administration. [passage omitted]

"It must also be considered," said the bank's CEO, "that the number of dwellings conveyed during President Cerezo Arevalo's Administration has exceeded all estimates, because, never before in the bank's history, has

the effort to resolve the housing problems of thousands of Guatemalan low-income families been as intensive and dynamic as it is now. This is to say that never before in the bank's history has that figure been reached." [passage omitted]

BANVI's CEO also stated that within three weeks or so, BANVI plans to convey 53 dwellings, now in their final construction phase, in the city of Chiquimula. [passage omitted].

Nicaragua

Chamorro Asks Economic Cabinet To Resign

PA1210010090 Managua LA PRENSA in Spanish 10 Oct 90 pp 1, 12

[Report by Roger Suarez M.]

[Text] Presidency sources have confirmed to LA PRENSA that President Violeta Chamorro has asked the economic Cabinet to resign so that once the dialogue ends, those ministers who disagree with whatever is agreed to can feel free to either stay on in the Cabinet or quit.

The same government source explained that efforts are being made to approve a plan that will be above anyone's personal or vested interests, including the ministers in charge of implementing the agreements that emerge at the Olof Palme convention center.

Ministers on the economic team, who were consulted with by LA PRENSA, have confirmed the probability of changes in the economic team, noting that such is part of the dynamics of a modern state.

Finance Minister Emilio Pereira, who was questioned yesterday in the Olof Palme building, has confirmed that the president had made the request, noting that it is normal and necessary for ministers to submit their resignations to the president at crucial moments such as those that exist in Nicaragua today and that existed late last year.

"During the Sandinist era, this was not customary. Those changes that may have been necessary were, therefore, not effected," Pereira explained.

Central Bank President Francisco Mayorga said that from the moment he first occupied that post, he told President Chamorro that he was ready to resign whenever she asked it of him.

The Presidency source denied radio news reports that, in view of the rumored changes, the shuffling and removal of ministers in various ministries had begun.

The presidential spokesperson insisted that the self-appraisal to which the economic Cabinet will be subjected is directly linked to the voluntary support that its members are willing to give to agreements stemming from the dialogue. He added that ranking government authorities want to leave the ministers free to choose or reject whatever is agreed to for later implementation.

The economic Cabinet is headed by Presidency Minister Antonio Lacayo and includes Economy Minister Silvio de Franco, Central Bank President Dr. Francisco Mayorga, Finance Minister Emilio Pereira; and advisers, such as Mr. Haroldo Montealegre.

When it was confirmed that the president had decided to leave her ministers free to accept or reject the agreements reached at the national dialogue, it could not be ascertained if the measure would also affect the deputy ministers of the respective ministries.

Four Commissions Created for National Dialogue

PA1210015990 Managua EL NUEVO DIARIO in Spanish 9 Oct 90 pp 1, 8

[Text] Those attending the so-called economic-social dialogue yesterday unanimously approved the creation of four working commissions which will study the main concerns raised during this process. The members of the commissions will be elected today.

Consensus to form the commissions was reached after union and management organizations made proposals during most of the day on the stabilization and adjustment plan presented by the government. The unions, both Sandinist and government, rejected the measures stipulated in the plan.

The first commission, "creating a climate of trust and reliability," will discuss the return of enterprises to their previous owners, privatization of these enterprises and the workers' sharing in them, agrarian reform, the occupation of land, the de jure state, and national dialogue as the sole forum for settling disagreements.

The social commission will consider education, health, transportation, housing, the cost of social services, and emergency social programs. The third commission called "production, credit, and investments," will discuss credit for the export of agricultural products, industry, trade, basic grains, and foreign debt.

The participants in the dialogue will also consider the privatization of foreign trade and the National Financial System. The fourth commission was called the "Fiscal and Employment Commission" and will deal with control and reduction of hyperinflation and the fiscal deficit and their impact on employment, micro-enterprises, and free enterprise. The commission will also consider ways to deal with contraband and corruption.

The National Workers Front [FNT], the UNAG [National Union of Cattlemen], and the National Chamber of Small and Medium-Sized Industries clearly explained the impossibility of implementing an IMF plan "that has nothing to do with the country's reality," as UNE [National Union of Employees] Secretary General Jose Angel Bermudez said.

All of the attendants agreed on the urgent need to apply an emergency plan in the coming months, in which financing the harvesting of exportable agricultural products and reactivating construction would be a priority.

"We need an urgent plan for a country in a postwar situation," declared the Sandinist organizations, whose flat rejection of the government's intention to fire 25,000 public employees as part of a plan to cut government expenditures, was joined by the union federations of the CPT [Permanent Workers Congress].

Similarly, the FNT and the CPT disagreed with the government's plan to reduce even further the fiscal deficit and the size of government enterprises. The FNT and the CPT also opposed the planned salary reductions.

Nevertheless, the government and Cosep [Higher Council of Private Enterprise] insisted on carrying out their stabilization plan, which, according to Jose Espinoza of CUS [Confederation for Trade Union Unity], will lead the country to social chaos.

In their speeches, Cosep and the CTN [Central Organization of Nicaraguan Workers] delegates reiterated their rejection of the accords between the FNT and the government. Consequently, the CST [Sandinist Central Organization of Workers], through Ronaldo Membreno, pointed out that the government has already virtually started the dialogue with the FNT and that all that remains is to comply with the accords.

At the same time, however, the CST presented new demands, the most important of which is that the government maintain the current number of employees, increase the emergency fund, finance exportable agricultural products, maintain the health and education budgets, and have businessmen repatriate their capital to open new sources of jobs and reactivate production.

Sandinist Commander on Peasants Land Fight

PA1210023890 Managua Radio Sandino in Spanish 2230 GMT 9 Oct 90

[Report on interview with Sandinist Commander Alonso Porras by indentified reporter; place and date not given]

[Text] Sandinist Commander Alonso Porras [general director of agrarian reform during the Sandinist administration] has said that the situation in Chinandega is dramatic. He added that government authorities—in this case the Agriculture Ministry [word indistinct] in the second region—have ignored requests by the Sandinist National Liberation Front [FSLN] and by peasants organized in cooperatives to find a peaceful solution to this problem.

Commander Porras has warned that today or sometime this week peasants who were dislodged by other peasants, who are in the same social group, but fighting among themselves over land because they see no other alternative.... [changes thought] They have confronted their own brothers, instigated by UNO [National Opposition Union] activists. Let us listen to Commander Porras.

[Begin recording] [Porras] The situation in the areas where the demobilized contras have settled is explosive. The current situation could explode if the pertinent authorities do not take action. UNO activists are using peasants who are without land and need land, and have set them against the cooperatives. This past weekend in the area of El Viejo, four agricultural cooperatives were invaded. The cooperative members asked the INRA [National Institute for Agrarian Reform] authorities to find a negotiated solution, but they have received no reply. The members of El Viejo cooperative, therefore, decided to act on their own. Today approximately 400 peasants who belong to cooperatives gathered and stated that they will dislodge the invading peasants by force.

We do not believe that the problem is a confrontation among peasants. There is need for land, and there is land that is not being used. What the INRA should do is continue the agrarian reform and find solutions for the peasants' problems. Instead of putting peasants against each other, measures can be adopted to create a land bank, which is feasible. We hold the INRA authorities responsible for whatever may happen today or this week in El Viejo sector, because members of peasant cooperatives have a right to defend themselves. If authorities do not intervene, they must defend their property themselves.

[Reporter] Were the peasants who were instigated to take over the cooperatives just peasants, or are some of them former contras?

[Porras] They are just peasants. In Chinandega, however, there is an association of former resistance fighters, which is comprised of former fighters who are facing a very precarious situation. They have not received a reply, no one pays attention to their needs, and no one listens to them. In recent days they have decided to take over land in Chinandega to make a living. It is the government's responsibility to take care of these people who are without jobs and without food. Roberto Ferrey met with them and only made promises that have not been fulfilled. The truth is that these people are having a rough time.

[Reporter] Specifically, where is the association of former contras located?

[Porras] It is located in front of the Army Staff Building at the entrance to Chinandega. [end recording]

Commander Porras' statement is really worrisome. Nicaraguan brothers, this is a very worrisome situation which concerns us all. Naturally, we must do everything we can to prevent it from getting worse. The solution is to release land to the peasants.

Argentina

Chile's Pinochet Meets Army Commander Bonnet

PY1110181390 Buenos Aires Domestic Service in Spanish 1600 GMT 11 Oct 90

[Text] Chilean Army Commander General Augusto Pinochet this morning said that he has come to Argentina to rest. He said that he respects the Chilean Constitution, and he described President Carlos Menem as a great president.

Regarding the actions of his government, Pinochet described himself as the first democrat of his country, adding that when he took power in 1973 he had said that the coup was carried out to restore democracy.

The former Chilean dictator this morning confirmed that he has met with Argentine Army Commander General Martin Felix Bonnet. We generals, he said, are like a big family, and when we meet, we greet each other.

Pinochet and his wife Mrs. Lucia Hiriart de Pinochet arrived today at noon in the Alvear Hotel of this capital, where he has remained since he arrived in Argentina.

When Mrs. Pinochet was asked how many days they will remain in our country, she said that it depends on the friendliness of the Argentine people. She added that she still does not know whether they will only visit the federal capital or whether they will visit some other parts of the country. Mrs. Pinochet arrived in Buenos Aires at 1040 today.

Visit 'Not for Health Reasons'

PY1210003090 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 11 Oct 90

[Text] Army Commander in Chief General Augusto Pinochet has described himself in Buenos Aires as the most democratic of all Chileans. He also said that he was the person who fought hardest for peace between Argentina and Chile to prevent a war at the time of the Beagle Channel conflict.

Gen. Pinochet arrived in Argentina yesterday on his first trip outside Chile in 10 years. Today he met with General Martin Bonnet, commander in chief of the Argentine Army. We military men make up a huge family, Pinochet said at the end of the meeting.

During a short news conference with Argentine journalists, Pinochet said that his visit to Buenos Aires was not for health reasons. Chilean doctors are very good, and they would shoot me if I did something like that, he said. The morning newspaper CLARIN, however, reported that Pinochet is in Argentina to undergo dental treatment.

Asked about relations with President Patricio Aylwin, Gen. Pinochet said that there are no disagreements and that their relations are those of an Army commander in chief with the president of the Republic.

Menem Signs Decree on Entel Transfer

PY1110182590 Buenos Aires Domestic Service in Spanish 1600 GMT 11 Oct 90

[Text] President Menem arrived this morning in Caracas, Venezuela, where the Rio Group will hold its summit and where he will meet with other Latin American presidents.

Before departing for Venezuela, Menem signed a decree postponing the date for transferring Entel [National Telecommunications Enterprise] to the Spanish Telephone Company and the group headed by the Italian company STET [expansion unknown] which have bought the enterprise. This was reported by sources of the Public Works and Services Ministry who added that the decree is registered under the No. 2130/90.

Chubut Area Residents Protest Economic Policy

PY1210001090 Buenos Aires Domestic Service in Spanish 1600 GMT 11 Oct 90

[Excerpt] Caravans left various settlements and towns of the Chubut River interior valleys this morning for Rawson to ask government officials to solve the crisis that has been affecting society in general and public employees in particular. Public employees have not received last month's salaries nor the (?agreed upon) readjustment.

In meetings held by members of all sectors of the Trelew, Rawson, and Gaiman communities it was decided to generalize the protest against the economic policy. The Rawson Chamber of Commerce has ordered that stores be closed at 1000 in support of the protest demonstration. Stores and bank offices in Esquel closed at 0930.

The retired state employees who peacefully occupied the Social Security and Insurance Institute 10 days ago changed their method of protest and took over all the facilities early this morning.

The regional administration of the Argentine Automobile Club has suspended the supply of fuel to several police precincts because the provincial government has not paid for the tickets used by Chubut Police personnel.

Chubut Governor Nestor Perl appeared at the door of Government House and promised to support the demonstrators' demands and to convey their complaints. [passage omitted]

Diplomatic Notes Signed With Italian Government

PY1110153790 Buenos Aires TELAM in Spanish 1958 GMT 10 Oct 90

[Text] Buenos Aires, 10 Oct (TELAM)—Foreign Minister Domingo Cavallo and Italian Ambassador Ludovico Incisa de Camerana today signed diplomatic notes establishing modifications that will allow Argentina quicker access to Italian credits.

Italy has granted a $50-million credit for production programs in the small and medium-sized business sector within the framework of an already-signed bilateral agreement.

These modifications seek to "simplify and expedite" credit procedures. It was reported that credit procedures "as of today, will not take longer than 70 days—35 days in each country—following the acquisition of the proper bank guarantee.

The ceremony was held in the Golden Room of the Foreign Ministry. Present were Foreign Ministry officials, Italian Embassy officials, and representatives of the business sector.

'Arsenal' Found in Car in Downtown Buenos Aires

PY1210024590 Buenos Aires DYN in Spanish 1654 GMT 11 Oct 90

[Text] Buenos Aires, 11 Oct (DYN)—At noon today police discovered a large arsenal in a car parked in the downtown area of this city in front of the Castelar Hotel at 1100 Avenida de Mayo. The arsenal included 400 .22-caliber revolvers, an AM-5 grenade, and four sticks of penthrite, a powerful explosive.

Police were able to arrest one of the persons in the car, but another person, it has been learned, was able to get away just before the police arrived.

The arsenal was discovered by chance. Personnel from the Federal Police Robbery and Theft Division were on a normal patrol along Avenida de Mayo and they observed the two persons in the car parked in front of the Castelar Hotel acting suspiciously.

The operation was carried out at 1230; when the arsenal was discovered all traffic was cut off from the area.

Intransigent Party Faction Launched

PY1110145590 Buenos Aires TELAM in Spanish 0125 GMT 7 Oct 90

[Text] Buenos Aires, 6 Oct (TELAM)—An internal faction of the Buenos Aires Intransigent Party (PI) was officially launched here today. The faction is called the "Militant Intransigent Platform" [Tribuna de Militancia Intransigente]. The launching ceremony was attended by Provincial Committee Vice President Alberto Repetto, National Deputy Pedro Garcia, and Gustavo Moccero, leader of the Buenos Aires bloc of deputies.

Representatives of more than 30 Buenos Aires districts and members of the PI Central Committee, [words indistinct] leader Marcelo Vensentinni were also invited to attend the ceremony.

Bolivia

Flag Found Near Destroyed Kennedy Monument

PY1110145490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1400 GMT 11 Oct 90

[Excerpts] La Paz, 11 Oct (AFP-NA)—The police reported today that a policeman was killed and another was seriously injured in two anti-American terrorist attacks that occurred at about midnight on Wednesday [10 October] in La Paz. [passage omitted]

One hour later, a bomb explosion destroyed a monument honoring the late U.S. President John F. Kennedy, which is located near the central train station. The police reported that the explosion caused slight injuries to two Chilean citizens who were passing by.

Security personnel found a red and black flag with the acronym "CNPZ" [Nestor Paz Zamora Commission] written on it near the site of the second explosion. According to Raul Loayza, interior ministry under secretary, this "tacitly implies" that an as yet unknown group has claimed responsibility for the attack.

A similar flag appeared yesterday on the La Paz State University building. [Words indistinct].

Political Leaders Express Concern

PY1110133390 La Paz La Red Panamericana in Spanish 1130 GMT 11 Oct 90

[Text] Political leaders have voiced their concern over last night's terrorist attacks. They agree that the government should guarantee peace in the country. Free Bolivia Movement leader Alfonso Alem voiced his fear that the attacks could have originated at some government's levels and could have been sponsored by certain elements involved in the militarization of the antidrug struggle. Alem noted that weapons will soon begin to arrive in Bolivia from the United States that will enable the Armed Forces to directly participate in the interdiction operations.

Alem also referred to the social situation prevailing in the country. He said that he does not believe that other sectors could be involved in the terrorist attacks. He said that he believes that the attacks are aimed at creating conditions for the militarization of the antidrug struggle.

United Left leader German Gutierrez has expressed his wish that internal peace be preserved and that the authorities reveal all the information they have gathered on the attacks. Gutierrez is concerned over the stability of the political system itself and is demanding a severe campaign to clarify the incidents.

Nationalist Revolutionary Movement leader German Quiroga has said that the terrorist attacks perpetrated last night should be thoroughly investigated. He added that this type of incident does no good to the government—they merely contribute to destabilize it.

He said that the government has to make the final decision on this matter. He prayed to God that these incidents do not mark the beginning of a wave of terrorist attacks that could seriously damage the country.

Ministers View Terrorist Incident

PY1210014090 La Paz Television Boliviana Network in Spanish 0030 GMT 12 Oct 90

[Text] The Bolivian people and the main government authorities have condemned and repudiated the terrorist attacks.

[Begin recording] [Reporter] During a talk with the media at Government House, Interior Minister Guillermo Capobianco gave a detailed report on last night's incidents.

[Capobianco] One of the police officers fired his weapon, and one of the attackers from this CNPZ commando was wounded.

[Reporter] What is the condition of the wounded policeman?

[Capobianco] He is fortunately out of danger.

[Reporter] As for the weapons that were used, what is known about them?

[Capobianco] What is already known: They were nine-mm automatic weapons. At least five bullets and 40 shells have been found, and they are weapons of this type. But I want to make it clear that these weapons are not only used by the military; they can also be used by the police or other sectors.

[Reporter] The minister also referred to the purpose of this attack.

[Capobianco] (?Phases) of the democratic process. They are people who do not believe in democracy, people with an authoritarian mentality. They are people who want to seriously upset the economic, social, political, and institutional bases of the democratic system, and naturally this is an attempt to destabilize the government.

[Reporter] Defense Minister Hector Ormachea Penaranda also commented on this topic.

[Ormachea] What happened last night is truly deplorable. It has already been established that it was a fairly large dynamite charge. We have been told.... [changes thought] General Carvajal was there, and he informed us that the charge was made up of 10 sticks of dynamite.

Of course the explosion caused some serious damage, but before that incident they were riddled—two National Guardsmen were literally riddled with bullets—and one of them has died. This shows us that it is a really dangerous process in which everyone should be interested.

Naturally, the investigation and intelligence process is in the hands of the Interior Ministry. But we must do everything we can to clear up the incidents, and the Armed Forces intelligence services are ready to lend a helping hand. [end recording]

Presidency Minister Condemns Attack

PY1210015090 La Paz Television Boliviana Network in Spanish 0030 GMT 12 Oct 90

[Text] Speaking on behalf of the executive branch, Minister of the Presidency Gustavo Fernandez Saavedra today expressed his indignation over the terrorist attack carried out against U.S. Marines at Government House [as heard] yesterday, 10 October.

[Begin Fernandez recording] I want to express my concern over these attacks, which also represent an attack against the Bolivian democratic process. We know that Bolivian democracy has been consolidated, especially based on the support of all sectors of the people and on Bolivia's historic decision for democracy. Attacks like the one carried out last night surely have a political objective that we hope will not be realized. In addition to that political connotation, however, it is a shame to see how names such as that of Nestor Paz Zamora are manipulated, especially because he was a man with spiritual principles who would not advocate murder. [end recording]

Minister Says Date Set for Attacks on Officials

PY1110150290 La Paz La Red Panamericana in Spanish 1130 GMT 11 Oct 90

[Text] Interior Minister Guillermo Capobianco has said that the date for carrying out a narcoterrorist plot against high-ranking Bolivian Government officials has been set for 10 December, the date on which Luis Arce Gomez [interior minister under former President Garcia Meza] was expelled from the country.

Capobianco said security organizations are conducting the appropriate investigation in strict confidence to preserve the stability of the democratic process and to show the government's firmness and political will for solving this matter. Asked about the situation of Garcia Meza, Capobianco said that state organizations continue with their effort to arrest him and place him at the court's disposal. He refused to comment on whether Garcia was in the country or abroad because this detail, he said, is part of the investigations and is being kept secret.

Concerning the presence of Colombian Mafia leaders in Bolivia, Capobianco said this possibility should not be ruled out, taking into account that these criminals move clandestinely from one country to another.

Incidents Reported at Chamber of Deputies

PY1110174190 La Paz La Red Panamericana in Spanish 1130 GMT 11 Oct 90

[Text] The session to discuss the electoral reform bill was suspended yesterday at the Chamber of Deputies due to the childish and shameful incident involving congressmen from both the official and the opposition sectors. Wads of papers were hurled from one side to another, and the boos and the banging on tables forced journalists to withdraw. Congressmen took this opportunity to immediately leave the room, causing the session to be suspended.

The deputies, aware of the importance of the matter that was to be discussed and of the risk that this situation represented for the democratic process, left aside their political interests and decided to once again postpone the session.

Interior Minister Guillermo Capobianco was scheduled to explain the Sole National Tax Registry (RUN) at this session at the request of the deputies. This document forms an important part of the electoral reform.

Capobianco said that this document is not being handled in secret, adding that this project and the current discussion came out of a broad consultation that he held with all political parties. He said that the Nationalist Revolutionary Movement [MNR] was the first party to be summoned for this purpose.

[Begin Capobianco recording] The bill that is being discussed at the Chamber of Deputies is the result of a broad political discussion held at my office with all political parties. The MNR was the first party to be summoned. MNR Executive Secretary Juan Carlos Duran, who is a friend of mine, Edil Sandoval, and other important MNR leaders attended the meeting. The second political force that was consulted was the United Left. The other political parties were also consulted about the most important aspects of the electoral bill. One aspects upon which we have agreed was that on the RUN. All political parties representatives supported the philosophy of the Bolivian State modernization system. [end recording]

We will have to await the decisions by congressmen on the reforms. What it is important is that these sectorial attitudes do not harm the democratic process that has cost the Bolivian people so much.

Brazil

Collor, Mexico's Salinas Sign Agreement

PY1110141590 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Oct 90

[Text] Brazil and Mexico have signed several cooperation agreements. The documents were signed by Presidents Fernando Collor and Carlos Salinas. The two countries have promised to develop and to implement measures in the fields of ecology, industrial technology, and maritime transportation. An agreement on financial matters foresees the strengthening of ties between the Brazilian and Mexican financial sectors.

President Collor Leaves for Rio Group Summit

PY1110183990 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 11 Oct 90

[Text] The presidents of Latin American countries will meet today in Caracas, Venezuela, to analyze U.S. President Bush's Initiative for the Americas. President Fernando Collor left for Caracas early this morning. At the Brasilia Air Base, he transferred power to Vice President Itamar Franco and said good-bye to the ministers. The president will attend a meeting of the Group of Rio, a political coordination and consultation organ made up of Brazil, Mexico, Argentina, Venezuela, Uruguay, Colombia, and Peru. At the Caracas summit Chile, Bolivia, and Ecuador will join the group. President Collor will return to Brasilia in the afternoon of 13 October.

Interest Rates Rise, Bank Cancels LTN Auction

PY1110142690 Rio de Janeiro O GLOBO in Portuguese 10 Oct 90 p 25

[Excerpt] The financial market went through a frantic day yesterday. A shortage of cruzeiros and Finance Minister Zelia Cardoso de Mello's rather pessimistic comments about the inflation rate for the next few months made interest rates go up too much. Interest on Bank Deposit Certificates (CDB's) increased from 755 percent a year on 5 October to 1,300 percent at the largest banks. As a result, the lending interest rate reached 1,500 percent. For the second consecutive week, the Central Bank decided not to sell LTN's [National Treasury Notes] because it thought the interest rates being asked by institutions were too high. [passage omitted]

Transportation Agreement Signed With Argentina

PY1110140390 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Oct 90

[Text] Brazil and Argentina have lifted restrictions on the transportation of merchandise by truck across their borders. This is the first step toward the creation of a common market between the two countries. The agreement was signed in Itamaraty by National Transportation Secretary (Jose Enrique Damorim) and Argentine Ambassador to Brazil Jose Manuel de la Sota. The total lifting of restrictions along the Argentine and Brazilian borders will become effective as of October next year, but the number of trucks that will travel between the two countries will increase as of now.

PRC Donates Nearly 2 Tons of Malaria Medicine

PY1110131790 Brasilia Domestic Service in Portuguese 2200 GMT 10 Oct 90

[Text] The PRC has donated to the Brazilian Government almost two tons of medicines to be used against malaria.

PRC Ambassador to Brazil Shen Yunao made the donation today. It consists of 300 boxes each containing thousands of ampoules and tablets. The donation contains more than 10,000 courses of treatment. These medicines have not yet been licensed for use in Brazil. For this reason, according to Health Minister Alceni Guerra, they must first be submitted to quality control tests.

[Begin Guerra recording] These medicines have yielded excellent results in the PRC. We are going to test them now in Brazil before distributing them among the people. If approved, they will be used as another drug for the struggle against malaria. [end recording]

Ninety-five percent of the reported malaria cases in Brazil are in the Amazon region, especially in the mining areas. According to the health minister, this year the government expects at least 500,000 cases of malaria in the country. The government hopes to eradicate malaria from the country within five years through the intensive use of insecticides, through sanitation works, and through the use of the first Brazilian vaccines against this disease.

Official Election Results for Parana Released

PY1110142390 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Oct 90

[Text] The candidates for the post of governor of Parana State, Jose Carlos Martinez, for the PRN [National Reconstruction Party], and Roberto Requiao, for the PMDB [Brazilian Democratic Mobilization Party], will have to run in a second round.

The Parana TRE [Regional Electoral Court] has released its official results: The difference between the two candidates was 0.6 percent and null and blank votes amounted to 1.2 million.

Foreign Currency Reserves Figures Reported

PY1110142990 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Oct 90

[Text] Brazilian foreign currency reserves reached $8.58 billion in August. From July to August, the foreign currency reserves—the amount of dollars held by the Central Bank—increased by $475 million, thus reaching an accumulated $8.58 billion. This is the highest balance since September 1985.

According to Central Bank experts, the level reached during September was even greater because the bank (?purchased large amounts) of dollars. Another factor that helped increase the foreign reserves was the suspension of interest payments on the foreign debt. Brazil has not paid any interest to its private creditors since July last year.

This increase is a good negotiating tool now that Brazil is beginning talks with the creditor banks, and it also brings stability to the domestic economy. According to recent statements by Central Bank President Ibrahim Eris, however, the balance is still not large enough to allow us to resume payments of overdue interests. He thinks that $12 billion would be an ideal level of foreign reserves.

Company Executive Arrested on Pollution Charges

PY1110185390 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 11 Oct 90

[Text] The Rio Grande do Sul police have caught redhanded three directors of the Rio Guaiba industrial company, Brazil's largest wool cloth manufacturer. The company did not comply with a Secretariat of Health regulation under which the company was ordered to construct a processing plant to reduce the pollution of the Guaiba River, which supplies potable water to Porto Alegre.

The crime is punishable with 15 days to six months imprisonment. The directors, however, can be released on bail. The detainees are company director president (Wolfgang Gruemberger), manager (Dilson Antunez), and businesswoman (Laura Salim).

Chile

Economy Minister Concludes Visit to France

PY1110203990 Santiago Radio Chilena Network in Spanish 1600 GMT 11 Oct 90

[Text] Economy Minister Carlos Ominami has stated that Chile can pay only $32 or $33 per barrel of petroleum. Ominani concluded a three-day visit to France, which began last Monday, with a news conference just before leaving for Rome by plane.

The New York petroleum price has risen to more than $41 per barrel, and former Saudi Arabian Petroleum Minister [name indistinct] has predicted in London that the oil price will increase to $100 per barrel should war break out in the Persian Gulf.

Ominami said that Chilean foreign reserves amount to $4 billion, and that the price of copper has risen on the international market. He commented that Chile is an importer of petroleum and one of the biggest copper exporters in the world. He added [words indistinct] of $40 per barrel will represent a tremendous burden for the economy.

The minister has fulfilled a triple mission in France: To brief the private sector and French Government officials on the Chilean economy; to hold contacts with businessmen and investors; and to promote further cooperation between the two governments.

The Chilean economy minister signed several agreements with France for a total of $86 million. This money is earmarked for several sectors and activities.

Compensation Sought From U.S. in Grape Case

PY1210000190 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 11 Oct 90

[Excerpt] Agriculture Minister Juan Agustin Figueroa has said that the government will use all legal and diplomatic mechanisms to obtain compensation from the United States for the poisoned-grape case. The minister said the resources received through the compensation will be assigned to exporters and producers who were harmed by the March 1989 crisis. He said that there is no news so far because two members of the State Defense Council are still in the United States gathering more data on the case. [passage omitted]

Government Orders Closure of Clandestine Radios

PY1210022590 Santiago Radio Cooperativa Network in Spanish 2200 GMT 11 Oct 90

[Text] The government has ordered the suspension of transmissions and the dismantling of the equipment of all clandestine radio stations that are found to be operating.

This order was contained in a communique released by Telecommunications Under Secretary (Roberto Prisco). The communique states that clandestine stations in this situation have already been suspended in Puente Alto, Colinas, San Vicente de Tagua Tagua, Penaflor, and Santiago Villafran.

The communique added that precise instructions have been given to the regional secretaries of the Telecommunications Ministry to suspend all clandestine transmissions in their respective regions and dismantle the equipment of all radio and television stations that do not have the appropriate license to operate.

The Telecommunications Undersecretariat, which is in charge of administering and controlling the radio spectrum, has reported that it will continue to comply with the terms of the current laws to put an end to these types of transmissions, which are unauthorized and illegal.

Ecuador

Army Patrol Ambushed by 'Narcoguerrillas'

PA1110191390 Paris AFP in Spanish 1844 GMT 11 Oct 90

[Text] Quito, 11 Oct (AFP)—The Army General Command reported today that an Ecuadoran Army patrol was ambushed in the Amazon border region by a large group of Colombian "narcoguerrillas," who killed three soldiers and wounded six others.

An Army communique stated that the clash occurred when approximately 80 Colombian "narcoguerrillas" ambushed a military patrol in the area of Tetetes on the bordering San Miguel River. The communique added that the patrol was attacked "with heavy fire" from the Colombian side.

The Army lamented the death of the three Ecuadoran soldiers. The six wounded soldiers were taken to Quito to receive medical treatment.

Paraguay

Official Comments on Rio Group Membership

PY1110163590 Asuncion NOTICIAS in Spanish 11 Oct 90 p 13

[Excerpt] Deputy Foreign Minister [as published] Hugo Saguier Caballero said yesterday that Paraguay will not participate in the fourth "summit" of the Rio Group (former Group of Eight) "because Paraguay is not yet a member of the Rio Group."

The summit starts today in Caracas, Venezuela. It will strive to politically strengthen the reactivated regional economic integration process.

Thus, Saguier answered NOTICIAS on why President Andres Rodriguez is not going to the summit that will be attended by the following presidents: Carlos Saul Menem of Argentina; Fernando Collor de Mello of Brazil; Cesar Gaviria of Colombia; Patricio Aylwin of Chile; Rodrigo Borja of Ecuador; Carlos Salinas de Gortari of Mexico; Alberto Fujimori of Peru; Luis Alberto Lacalle of Uruguay; and Carlos Andres Perez of Venezuela. [passage omitted]

Party To Participate in Opposition Consensus

PY1110173390 Asuncion ABC COLOR in Spanish 11 Oct 90 p 4

[Excerpt] The majority of the members of the ANR [National Republican Association-Colorado Party] executive board yesterday agreed to the party's participation in the first meeting of the "Sociopolitical Consensus" which is being sponsored by the Febrerista Revolutionary Party [PRF].

For this purpose, the ANR board appointed ANR President Luis Maria Argana, and ANR Vice Presidents Edgar L. Ynsfran, and Blas N. Riquelme as its representatives. If Riquelme is not back in the country by tomorrow (he is in the United States), he will be replaced by [ANR Vice President] Waldino Ramon Lovera. [passage omitted]

Peru

Fujimori Not To Attend Rio Group Summit

PA1110153990 Madrid EFE in Spanish 1446 GMT 11 Oct 90

[Text] Lima, 11 Oct (EFE)—Peruvian President Alberto Fujimori will not attend the fourth presidential summit of the Group of Rio that is to begin in Caracas today. Fujimori is not attending because the congressional session that was to grant him authorization for the trip was suspended close to midnight last night.

A disagreement between political groups to establish the order of topics in the agenda, which included the authorization request presented by Fujimori, led to the suspension of the session until a still undetermined date.

In remarks to ANDINA, the government news agency, Victor Paredes, president of the Chamber of Deputies, leader of the ruling Change 90 Party, and acting Congress president, blamed the opposition for preventing the holding of the session.

According to the Peruvian Constitution, presidential trips must be approved by Congress.

Fujimori had planned to leave for Caracas today to attend the summit with his counterparts from Argentina, Brazil, Colombia, Chile, Ecuador, Mexico, Uruguay, and Venezuela.

Foreign Minister Luis Marchand will represent the president at the presidential summit meeting.

Congress Does Not Authorize Trip

PY1110161990 Lima Television Peruana in Spanish 1100 GMT 11 Oct 90

[Text] Congress has not authorized the president's trip to Venezuela where he was to have attended a meeting of the Group of Nine, [as heard] which now will be only a Group of Eight because of President Fujimori's absence.

The congressional session, the fourth to have been summoned and the first to have a quorum, did not authorize President Alberto Fujimori to go to the Group of 8 summit in Venezuela.

During the vote, which was held at about 0030 today, the opposition voted against authorizing the president's trip. They refused to approve the visit despite the fact that shortly before the beginning of the session many lawmakers said that they would support the president's presence at the Caracas summit considering the need to reach agreements on the struggle against drug trafficking and on the foreign debt.

Mrs. Fujimori To Be Representative

PY1110201190 Lima Television Peruana in Spanish 1800 GMT 11 Oct 90

[Excerpt] Juan Carlos Hurtado Miller, prime minister and minister of economy and finance, has expressed his regret over the fact that President Alberto Fujimori, for reasons beyond the president's control, will not be able to go to Caracas. He said that President Fujimori's wife will leave for Caracas to take the Peruvian proposal that will be presented by Foreign Minister Luis Marchand, who is already in Venezuela. This is what the prime minister said:

[Begin recording] [Unidentified reporter] Minister, what can you tell us about this frustrated trip by President Fujimori?

[Hurtado Miller] First, it is completely regrettable that the president will not attend this very important meeting. There are several events that usually take place at a meeting of what used to be called the Group of Eight, and which today is called the Rio Group. Ecuador and Chile are joining this group, which now comprises nine countries.

Second, the presidents will talk about the Latin American response to President Bush's proposal for Latin American integration.

Third, they will discuss the drug issue, and the Peruvian position of not signing the agreement with the United States which is known by all.

Fourth, they will discuss a request submitted by Peru through President Perez for economic aid to our country for the implementation of the emergency program.

It is regrettable that the president will not be able to attend this meeting, where his presence was absolutely necessary for our country in the discussions of these four subjects.

Mrs. Susana Fujimori, heading a special commission, will leave soon to represent the president of the Republic. The first lady will extend a message of affection and friendship from President Fujimori to the Latin American presidents, and also to reaffirm the request submitted by Foreign Minister Marchand, who is already there. [passage omitted] [end recording]

* Poll Reveals Support of Fujimori, Hurtado

91P40002A Lima EXPRESO in Spanish 18 Sep 90 p 3

[Text] Despite the severe economic measures applied by the government 40 days ago, both President Alberto Fujimori and Prime Minister Juan Carlos Hurtado Miller retain the support of the majority of Lima citizens, according to the latest poll from Apoyo S.A. published yesterday in their magazine SEMANA ECONOMICA.

While 51 percent of those surveyed ratified their supoort of Fujimori, 54 percent approved of Hurtado Miller's management.

The poll, carried out among 626 individuals of various economic classes, showed that 48 percent agree with the administration's decisions and only 31 percent expressed their disapproval.

The administration's approval rating is highest among the upper class, with 61 percent voicing their support; while the bulk of criticism was gathered from among the middle class (35 percent).

Of those surveyed, 64 percent of those who voted for Change 90 approved of Fujimori's presidential management. Fujimori is most popular among the lower class (50 percent), and among the very lower class (57 percent). Disapproval of Fujimori is greatest among the middle class (43 percent).

Prime Minister Hurtado has overwhelming approval among the upper and middle classes (76 and 62 percent, respectively); however, disapproval of Hurtado among the very lower class stands at 45 percent.

In addition, Hurtado receives more support from among those surveyed who voted for FREDEMO [Democratic Front] (60 percent) than among those who voted for Change 90 (55 percent).

Answering the question as to whether they would possibly support parliamentary censure of the cabinet to force the cabinet's resignation, 58 percent responded no, supporting Hurtado's team.

Uncertainty

The poll also revealed uncertainty regarding the course the economy may take, despite the fact that 59 percent of Lima citizens approve of the administration's economic stabilization program, and 57 percent believe it will halt hyperinflation by year's end.

Regarding September inflation, 27 percent of those surveyed believe it will be greater than 30 percent, while the upper class estimates inflation will fluctuate between 6 and 10 percent.

The Dollar

Regarding the dollar, 33 percent believe that by the end of the month it will have a value between 450,000 and 500,000 intis. Twenty-seven percent feel the devaluation will be less and that the dollar will cost no more than 450,000 intis.

Regarding October inflation, 26 percent were pessimistic, estimating an increase of over 30 percent. Twenty-six percent believe the dollar will pass the 600,000 inti hurdle and 22 percent estimate the dollar will fluctuate between 451,000 and 500,000 intis.

Approval Ratings (in %)

	1 August	12 August	9 September
Alberto Fujimori			
Approve	67	51	51
Disapprove	12	34	33
Juan Carlos Hurtado Miller			
Approve	52	56	54
Disapprove	12	31	34

Will the Economic Program Succeed?

	12 August	9 September
Yes, it will succeed	60%	57%
No, it will fail	18%	16%

Venezuela

Perez-Havel Meeting Termed 'Very Friendly'

PA1210010390 Caracas EL UNIVERSAL in Spanish 1 Oct 90 p 2

[Text] New York, 30 Sep (VENPRES Internacional)—Czechoslovak President Vaclav Havel has described his meeting with Venezuelan President Carlos Andres Perez as "very friendly." During the meeting they examined the possibility of cooperation in the area of petroleum.

Havel said that Venezuela could help Czechoslovakia by providing it with oil, while Czechoslovakia would offer technology.

Before his meeting with Havel at UN headquarters, President Carlos Andres Perez spoke in his suite at the Waldorf Astoria with Pdvsa [Venezuelan Petroleum, Inc.] President Andres Sosa Pietri and Frank Alcock, with whom he discussed the cooperation plan with Czechoslovakia.

At the same time it was learned in Venezuelan circles that the agreement calls for the purchase of three refineries in Czechoslovakia, which would guarantee a new market for Venezuela. In turn, Czechoslovakia would have a new source of oil supply.

Presidents Sign Integration Agreements

PA1110234490 Paris AFP in Spanish 0002 GMT 11 Oct 90

[Text] Caracas, 10 Oct (AFP)—Chilean President Patricio Aylwin and Venezuelan President Carlos Andres Perez on 10 October signed a basic economic agreement, as well as several cooperation agreements, intended to establish a solid footing for the integration of the two countries.

The agreements signed at the end of the official two-day visit by the Chilean president to Caracas are:

—A complementary agreement on the establishment of "expanded economic relations" between Venezuela and Chile, which provides for a program of trade liberalization, that will go into effect in June 1991 and must be completely instituted by 31 May 1994.

The agreement is intended to facilitate the flow of goods, services, and productive agents between both countries, promote coordination of economic policies linked to the "equitable use" of their markets, and encourage the participation of the private sector.

—An agreement on a permanent mechanism for political consultation that will periodically evaluate the implementation of commitments that have been acquired, decide on new areas of cooperation, and serve to exchange viewpoints on regional and world issues and coordinate positions in multilateral forums.

—An agreement for technical and scientific cooperation intended to seek to establish mechanisms for the development of joint ventures in the fields of science and technology.

—An agreement to avoid double taxation on international transportation, including sea and air transportation, regarding benefits, income, interest, or utilities.

—An agreement for the development of telecommunications that will implement new telephone, telegraph, and telex services.

—An agreement for cultural integration that will promote the exchange of historic, literary, musical, theatrical, and cultural wealth between both countries.

—A three-year program for cultural exchange, to begin in January 1991, that will strengthen cultural and educational relations between both countries through the exchange of intellectuals, artists, athletes, university courses, and scholarships.

In addition to the signed agreements, the presidents expressed their interest in soon signing an agreement on cooperation to prevent and fight the production and illegal trafficking of drugs.

They also agreed to initiate talks to establish a mechanism of cooperation in the field of mining over the short run.

French Guiana

Ariane To Launch U.S. Satellites From Kourou

PA1110163790 Paris AFP in Spanish 1244 GMT 11 Oct 90

[Report by Gerard Sevestre]

[Text] Kourou, French Guiana, 11 Oct (AFP)—The directors of the Kourou space center announced today that the European Ariane-44L rocket is prepared to launch two privately owned U.S. communications satellites—the SBS-6 and Galaxy-6—on the night of 12 October.

The 12 October launching is the 39th in the life of the Ariane (the fifth for the Ariane 44L model, the most powerful), and it will place in orbit a total weight of 4,208 kg, 3,690 kg of which constitute the joint weight of the SBS-6 and Galaxy-6. The Ariane will also be used by Embratel [Brazilian Telecommunications Company] to place its two Brasilsat satellites, B1 and B2, in orbit.

It is the Ariane's third launch since the disaster in February, when the rocket exploded while carrying two Japanese satellites.

Although February's failure prompted the rocket's immobilization for five months, the confidence of Ariane's clients was not diminished, and since early this year Arianespace has signed a total of 12 satellite-launch contracts, the last two being those with Embratel.

Thirty-seven satellite launchings are on Arianespace's list of missions. This constitutes 50 percent of the world market, for a total of 15.5 billion francs (approximately $3 billion).

In another launching scheduled for the end of November, two more privately owned U.S. satellites, the SATCOM-C1 and GSTAR-IV, will be placed in orbit.

These two launchings of privately owned satellites are taking place shortly after U.S. President George Bush decided to temporarily close U.S. Government satellite launchings to foreign competition.

"We regret this decision, which seems to us a form of protectionism," Arianespace President Charles Bigot said in Washington last week. He also advocated the establishment of fair international rules and the complete opening of the worldwide rocket launching market, and protested against the "dumping" practices utilized by Chinese and Soviet firms.